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

Application Proof of

BRIGHTGENE BIO-MEDICAL TECHNOLOGY CO., LTD.

博瑞生物醫藥(蘇州)股份有限公司

(the "**Company**")

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

WARNING

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

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

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange's website does not give rise to any obligation of the Company, its sole sponsor, overall coordinators, advisors or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) this document is not the final listing document and may be updated or revised by the Company from time to time in accordance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisors or underwriters is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the distribution of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Stock Exchange and the SFC may accept, return or reject the application for the subject public offering and/or listing.

No offer or invitation will be made to the public in Hong Kong until after a prospectus of the Company has been registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be made available to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

IMPORTANT

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

BRIGHTGENE BIO-MEDICAL TECHNOLOGY CO., LTD.

博瑞生物醫藥(蘇州)股份有限公司

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

[REDACTED]

Number of [REDACTED] in the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of Hong Kong [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H 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% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor, [REDACTED]

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

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

The [REDACTED] is expected to be fixed by agreement between [REDACTED] (for themselves and on behalf of the [REDACTED]) and us on the [REDACTED]. The [REDACTED] is expected to be on or before [REDACTED] and, in any event, not later than [REDACTED]. The [REDACTED] will be no more than HK$[REDACTED] and is currently expected to be not less than HK$[REDACTED]. Applicants for [REDACTED] are required to pay, on application, the maximum [REDACTED] of HK$[REDACTED] for each [REDACTED] together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, subject to refund if the [REDACTED] should be lower than HK$[REDACTED]. If, for any reason, [REDACTED] (for themselves and on behalf of the [REDACTED]) and us are unable to reach an agreement on the [REDACTED], the [REDACTED] will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED], and with our consent) may, where considered appropriate and with our consent, reduce the number of [REDACTED] and/or the indicative [REDACTED] range that stated in this document at any time prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.bright-gene.com** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the [REDACTED]. For more details, see the sections headed "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

Prior to making an [REDACTED], prospective [REDACTED] should carefully consider all of the information set out in this document, including but not limited to the risk factors set out in the section headed "Risk Factors" in this document.

The obligations of the [REDACTED] under the [REDACTED] to [REDACTED], and to procure applicants for [REDACTED], the [REDACTED], are subject to termination by [REDACTED] (for themselves and on behalf of the [REDACTED]) if certain grounds arise prior to 8:00 a.m. on the [REDACTED]. Such grounds are set out in the section headed "[REDACTED] — [REDACTED] Arrangements and Expenses — [REDACTED] — Grounds for Termination" in this document.

[REDACTED]

[REDACTED]

IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

EXPECTED TIMETABLE[(1)]

[REDACTED]

CONTENTS

IMPORTANT NOTICE TO INVESTORS

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

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

EXPECTED TIMETABLE i

CONTENTS iv

SUMMARY 1

DEFINITIONS 22

GLOSSARY OF TECHNICAL TERMS 32

FORWARD-LOOKING STATEMENTS 38

RISK FACTORS 39

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES 74

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED] 80

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED] 84

CORPORATE INFORMATION 87

INDUSTRY OVERVIEW 89

REGULATORY OVERVIEW 110

HISTORY AND CORPORATE STRUCTURE 126

BUSINESS 135

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS 219

SHARE CAPITAL 223

SUBSTANTIAL SHAREHOLDERS 225

DIRECTORS AND SENIOR MANAGEMENT 226

CONTENTS

FINANCIAL INFORMATION 236

FUTURE PLANS AND [REDACTED] 267

[REDACTED] 271

STRUCTURE OF THE [REDACTED] 281

HOW TO APPLY FOR [REDACTED] 287

APPENDIX I — ACCOUNTANTS' REPORT I-1

APPENDIX II — UNAUDITED [REDACTED] FINANCIAL INFORMATION II-1

APPENDIX III — PROPERTY VALUATION REPORT III-1

APPENDIX IV — TAXATION AND FOREIGN EXCHANGE IV-1

APPENDIX V — SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS V-1

APPENDIX VI — SUMMARY OF ARTICLES OF ASSOCIATION VI-1

APPENDIX VII — STATUTORY AND GENERAL INFORMATION VII-1

APPENDIX VIII — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY VIII-1

SUMMARY

This summary aims to give you an overview of the information contained in this document and is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this document. As this is a summary, it does not contain all the information that may be important to you and we urge you to read the entire document carefully before making your [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed "Risk Factors" in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are a global pharmaceutical company with a commercial network spanning over 40 countries and regions. Founded in 2001, we have built a diversified portfolio comprising active pharmaceutical ingredients (APIs)/intermediates, generics, and innovative drugs, leveraging our multidisciplinary expertise and industry-leading R&D capabilities.

During the Track Record Period, our revenue was primarily derived from the sales of APIs, being active substances that provide the intended therapeutic effects in drugs, and pharmaceutical intermediates, being materials or compounds produced at intermediate stages in the course of drug manufacturing. The global market share of our major marketed API/intermediate products[(1)] within their respective product categories ranged from approximately 2.7% to 45.2% in 2025. According to CIC, we ranked among the top three global suppliers of echinocandin APIs/intermediates by sales revenue in 2025, with a comprehensive product portfolio encompassing micafungin sodium, caspofungin acetate and anidulafungin. To a lesser extent, we generated revenue from sales of finished drug products, which are drugs in final dosage forms ready for patient use, such as injection, tablets or inhalation. We also provide R&D and manufacturing services to pharmaceutical companies utilizing our in-house capabilities, which contributed a small portion of our revenue during the Track Record Period.

Through a combination of direct sales and distribution channels, we sell over 40 finished drug products and APIs/intermediates covering a wide range of therapeutic areas, including infectious diseases, immunology and oncology, to over 40 countries and regions, primarily including Chinese Mainland, Europe and North America. The portfolio of marketed products supports continued investment in our product pipeline, enabling us to pursue long-term innovation opportunities while managing the inherent risks of pharmaceutical development. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively.

We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. Our metabolic disease pipeline is anchored by two lead innovative drug candidates: BGM0504 (GLP-1/GIP dual agonist) and BGM1812 (long-acting amylin analog), each developed in both injectable and oral dosage forms to maximize patient accessibility. For respiratory diseases, we are developing advanced inhalation product candidates with high barriers to entry, leveraging the sophisticated delivery systems derived from our drug-device combination platform. Beyond our deep focus on metabolic and respiratory diseases, we are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology. As of the Latest Practicable Date, we had six major innovative drug candidates.

Note: (1) Namely micafungin sodium, oseltamivir phosphate, caspofungin acetate, anidulafungin, fidaxomicin, eribulin mesylate, pimecrolimus and dalbavancin.

SUMMARY

We are committed to R&D investment, which enabled us to assemble a suite of technology platforms encompassing peptide technology, drug-device combinations, synthetic biology, and oral formulation. These capabilities, combined with our integrated operations — from starting materials through high-complexity APIs/intermediates to finished products — position us uniquely to meet growing global demand for end-to-end pharmaceutical partnership. Our global commercial footprint extends across over 40 countries and regions, embodying our differentiated collaborative model that generates sustained income while showcasing the proven synergy we have achieved between technological innovation and commercial success. Meanwhile, our established manufacturing systems demonstrate our high quality standards and enable us to conduct cGMP-compliant operations across different jurisdictions, leveraging local resources and market presence to expand our overall production capacity and capture growing opportunities worldwide.

OUR PRODUCT PORTFOLIO

Our marketed product portfolio comprises over 40 finished drug products and APIs/intermediates, underscoring our proven ability to overcome complex technological challenges and bringing pharmaceutical products to the market. Building on our foundation in high-barrier generics and specialty APIs, we have successfully advanced into innovative therapeutics with a globally competitive pipeline. As of the Latest Practicable Date, we had six major innovative drug candidates, spearheaded by BGM0504, a GLP-1/GIP dual agonist with global best-in-class potential for the treatment of type 2 diabetes (T2DM) and obesity/overweight. According to CIC, in terms of development progress, BGM0504 currently ranks among the three most advanced clinical-stage GLP-1/GIP dual agonist candidates globally, both in injectable and oral dosage forms.

The tables below summarize our major marketed products and drug candidates as of the Latest Practicable Date.

Major Marketed Products

Product	Mechanism	Indication	Major Markets	Product Type	NRDL Inclusion	VBP Implementation
Micafungin Sodium	Antifungal Agent	Candidiasis, Aspergillosis	China	Injection	Yes	November 2022
			China, Europe, North America, South America, Turkey, Southeast Asia, India, Japan	API/ Intermediate	/	/
Oseltamivir Phosphate	Antiviral Agent	Influenza A and B Virus Infections	China	Capsule	Yes	March 2026
			China	Oral Suspension	Yes	July 2023
			China, Turkey	API/ Intermediate	/	/
Caspofungin Acetate	Antifungal Agent	Candidiasis, Aspergillosis	China, Europe, North America, South America, India, South Korea, Turkey	API	/	/
Anidulafungin	Antifungal Agent	Candidiasis	Europe, India, Turkey	API/ Intermediate	/	/
Fidaxomicin	Antifungal Agent	CDAD	United States, India	API	/	/
Eribulin Mesylate	Antitumor Agent	Advanced or Metastatic Breast Cancer After ≥2 Chemotherapeutic Regimens	China	Injection	Yes	No
			China, United States, Japan, India	API	/	/
Pimecrolimus	Immunosuppressant	Mild-to-Moderate Atopic Dermatitis	China, United States, Europe, Southeast Asia	API/ Intermediate	/	/
Dalbavancin	Antibacterial Agent	ABSSSI	Europe, United States	API	/	/

SUMMARY

Product Candidates

Innovative Drug Candidates

Field	Product	Mechanism	Dosage Form	Indication	Regulatory Authority	Registration Category	Phase	Upcoming Milestone	Commercial Rights
Metabolic Diseases	**BGM0504**	GLP-1/GIP Dual Agonist	Injection	T2DM (add-on therapy to metformin with or without sulfonylureas)	NMPA	Category 1 Chemical Drug	Ongoing CTR20244493	NDA	Global[1]
				T2DM (monotherapy)			Ongoing CTR20244494	NDA	
				Obesity/ Overweight			Ongoing CTR20243983	NDA	
				Obesity[3]			Ongoing CTR20251037	Phase 3 Trial	
				Obesity/ Overweight	FDA	505(b)(1)	Bridging Study Completed[2]	Phase 3 Trial	
				T2DM	Indonesia BPOM	Category 1	Ongoing NCT07064486	NDA	
			Tablets	Obesity/ Overweight	NMPA	Category 1 Chemical Drug	Ongoing CTR20253763	Phase 2 Trial	Global
				Obesity/ Overweight			Ongoing CTR20260967[4]	Phase 2 Trial	
				Obesity/ Overweight	FDA	505(b)(1)	Ongoing NCT07166081	Phase 2 Trial	
	BGM1812	Long-acting Amylin Analog	Injection	Obesity/ Overweight	NMPA	Category 1 Chemical Drug	Ongoing CTR20254560	Phase 2 Trial	Global
					FDA	505(b)(1)	Ongoing NCT07224399	Phase 2 Trial	
			Tablets	Obesity/ Overweight	NMPA	Category 1 Chemical Drug		Phase 1 Trial	Global
					FDA	505(b)(1)		Phase 1 Trial	
	BGM2102 (BGM0504+BGM1812)	Long-acting Amylin Analog/ GLP-1/GIP Dual Agonist	Injection	Obesity/ Overweight	NMPA	Category 1 Chemical Drug		Phase 1 Trial	Global
					FDA	505(b)(1)		Phase 1 Trial	
	BGM2101 (BGM0504+Insulin Analog)	Long-acting Insulin Analog/ GLP-1/GIP Dual Agonist	Injection	T2DM	NMPA	Category 1 Biologics		Phase 1 Trial	China
Respiratory Diseases	**Ensifentrine Inhalation**	PDE3 and PDE4 Dual Inhibitor	Inhalation	COPD	NMPA	Category 2 Chemical Drug		Phase 1 Trial	Global
	TSLP Nanobody Inhalation	TSLP Inhibitor	Inhalation	COPD	NMPA	Category 1 Biologics		Phase 1 Trial	Global

Generic Drug Candidates

Field	Product	Mechanism	Indication	Regulatory Authority	Registration Category	Phase
Respiratory Diseases	**Salmeterol/Fluticasone Dry Powder for Inhalation**	ICS/LABA	Asthma, COPD	NMPA	Category 4 Chemical Drug	
	Budesonide Suspension for Inhalation	ICS	Asthma	NMPA	Category 4 Chemical Drug	Approved and Launched[5]
	Tiotropium Bromide Dry Powder for Inhalation	LAMA	COPD	NMPA	Category 4 Chemical Drug	
	Tiotropium Bromide Soft Mist for Inhalation	LAMA	COPD	NMPA	Category 4 Chemical Drug	
				FDA	505(j)	
				NMPA	Category 3 Chemical Drug	
				EU Member States	Article 10(1)	
	Tiotropium Bromide/Olodaterol Soft Mist for Inhalation	LAMA/LABA	COPD	NMPA	Category 4 Chemical Drug	
				FDA	505(j)	
				NMPA	Category 3 Chemical Drug	
				EU Member States	Article 10(1)	

* Abbreviations: GLP-1 = Glucagon-like Peptide-1, GIP = Glucose-dependent Insulinotropic Polypeptide, COPD = Chronic Obstructive Pulmonary Disease, ABSSSI = Acute Bacterial Skin and Skin Structure Infections, PDE = Phosphodiesterase, ICS = Inhaled Corticosteroid, LABA = Long-acting β 2-agonist, LAMA = Long-acting Muscarinic Antagonist, TSLP = Thymic Stromal Lymphopoietin, CDAD = Clostridioides Difficile-associated Diarrhea

Notes:

(1) In August 2025, we and our affiliates entered into a collaboration agreement with China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. ("**CR Sanjiu**") to accelerate the development and commercialization of BGM0504 injection. We will remain the sole marketing authorization holder of BGM0504 injection in Chinese Mainland and continue to be the holder of all existing patents relating to the product. For details, see "Business — Collaborations and Partnerships."

We have out-licensed the product registration, manufacturing and commercialization rights of BGM0504 in Indonesia to our business partner in this country.

(2) We completed a bridging study for BGM0504 injection in the U.S. in March 2025. We are in communication with the FDA regarding our plan to initiate BGM0504's phase 3 trial for obesity/overweight in the U.S.

(3) An exploratory, head-to-head trial evaluating higher-dose regimens of BGM0504 injection against tirzepatide.

(4) A complementary phase 1 trial to evaluate the effects of food and dosing conditions on the PK profile of BGM0504 tablets, which is designed to support product labeling and dosing instructions.

(5) We received marketing approval from the NMPA for budesonide suspension for inhalation in October 2025 and launched this product in December 2025.

Our Marketed Products

As of the Latest Practicable Date, we had successfully commercialized over 40 pharmaceutical products, including 14 finished drug products and 32 APIs and intermediates, covering broad therapeutic areas including infectious diseases, immunology and oncology. Our marketed products are represented by eight major products, each of which contributed over 5% of our revenue during the Track Record Period, including micafungin sodium, oseltamivir phosphate, caspofungin acetate, anidulafungin, fidaxomicin, eribulin mesylate, pimecrolimus and dalbavancin. For details, see "Business — Our Product Portfolio — Our Marketed Products."

Micafungin Sodium

Micafungin sodium, our representative antifungal product, was our key revenue contributor during the Track Record Period, generating sales from both finished drug products (micafungin sodium for injection) and APIs/intermediates. Micafungin sodium is a semi-synthetic echinocandin agent administered intravenously for the treatment of invasive candidiasis, esophageal candidiasis, and prophylaxis of Candida infections in hematopoietic stem cell transplant patients. It demonstrates superior efficacy against azole-resistant Candida strains, positioning it as a valuable therapeutic option for immunocompromised patients. For the years ended December 31, 2023, 2024 and 2025, we generated RMB159.3 million, RMB217.9 million and RMB170.0 million from the sales of micafungin sodium, respectively, primarily from API/intermediate sales.

Oseltamivir Phosphate

Oseltamivir phosphate is one of our antiviral products which generated sales from both finished drug products (oseltamivir phosphate capsule and powder for oral suspension) and APIs/intermediates during the Track Record Period. Oseltamivir phosphate is an oral neuraminidase inhibitor indicated for the treatment and prophylaxis of influenza A and B infections. Our oseltamivir phosphate sales are affected by both seasonal influenza demand and government stock reserve requirements. For the years ended December 31, 2023, 2024 and 2025, we generated RMB331.6 million, RMB202.1 million and RMB112.9 million from the sales of oseltamivir phosphate, respectively, primarily from API/intermediate sales.

Caspofungin Acetate

Caspofungin acetate is a representative antifungal product in our portfolio, generating sales predominately from APIs during the Track Record Period. Caspofungin acetate is a semi-synthetic echinocandin antifungal agent administered intravenously for the treatment of invasive aspergillosis in patients who are refractory to or intolerant of other therapies, candidemia and other forms of invasive candidiasis, and esophageal candidiasis. For the years ended December 31, 2023, 2024 and 2025, we generated RMB84.9 million, RMB119.3 million and RMB108.7 million from the sales of caspofungin acetate, respectively, substantially all of which were from API sales.

Anidulafungin

Anidulafungin is a key antifungal product in our portfolio. It is a semi-synthetic echinocandin antifungal agent indicated for the treatment of candidemia and other forms of Candida infections, including intra-abdominal abscess and peritonitis. For the years ended December 31, 2023, 2024 and 2025, we generated RMB48.9 million, RMB119.7 million and RMB106.5 million from the sales of anidulafungin APIs/intermediates, respectively.

Fidaxomicin

Fidaxomicin is an antibacterial API product in our portfolio with significant market expansion potential. It is a macrocyclic antibiotic specifically indicated for the treatment of Clostridioides difficile-associated diarrhea (CDAD) in adults and pediatric patients aged six months and older. For the years ended December 31, 2023, 2024 and 2025, we generated RMB52.6 million, RMB87.0 million and RMB65.0 million from the sales of fidaxomicin APIs, respectively.

Eribulin Mesylate

Eribulin mesylate is our flagship oncology product, generating sales from both finished drug products (eribulin mesylate injection) and APIs during the Track Record Period. Eribulin mesylate is a microtubule dynamics inhibitor indicated for the treatment of metastatic breast cancer in patients who have previously received at least two chemotherapeutic regimens. We are the first generic manufacturer of eribulin mesylate injection in the China market, providing us with substantial competitive advantages and growth opportunities in this specialized oncology segment. For the years ended December 31, 2023, 2024 and 2025, we generated RMB34.2 million, RMB77.1 million and RMB32.8 million from the sales of eribulin mesylate, respectively, primarily from API sales.

Pimecrolimus

Pimecrolimus is our representative product in the immunological field. Pimecrolimus cream is a topical immunosuppressant indicated for the treatment of mild to moderate atopic dermatitis in patients aged two years and older. For the years ended December 31, 2023, 2024 and 2025, we generated RMB19.6 million, RMB37.0 million and RMB63.3 million from the sales of pimecrolimus APIs and intermediates, respectively.

Dalbavancin

Dalbavancin is a representative antibacterial product in our portfolio. It is a second-generation, semi-synthetic lipoglycopeptide antibacterial agent administered intravenously for the treatment of acute bacterial skin and skin structure infections ("**ABSSSI**") caused by designated susceptible strains of Gram-positive microorganisms. For the years ended December 31, 2023, 2024 and 2025, we generated RMB35.4 million, RMB21.2 million and RMB93.6 million from the sales of dalbavancin APIs, respectively.

Our Product Candidates

We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. According to CIC, metabolic and respiratory diseases accounted for approximately 20.0% of the global pharmaceutical market in 2025, totaling US$373.7 billion, and are expected to grow at a CAGR of 7.9% from 2026 to 2035, outpacing overall market growth. Beyond our deep focus on metabolic and respiratory diseases, we are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology.

Metabolic Diseases

Our metabolic disease pipeline targets therapeutic areas with fast-growing patient populations and persistent gaps in therapeutic efficacy. This portfolio is anchored by our two lead innovative drug candidates: BGM0504, our GLP-1/GIP dual agonist targeting T2DM and obesity/overweight, and BGM1812, our long-acting amylin analog.

BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential

BGM0504 is a novel GLP-1/GIP dual agonist with global best-in-class potential. By simultaneously targeting GLP-1 and GIP and activating their downstream pathways, BGM0504 has demonstrated broad therapeutic potential for metabolic diseases, delivering effective glycemic control, weight reduction, and treatment of other comorbidities (such as MASH).

BGM0504 was developed through rational structural optimizations to enhance dual receptor activity while maintaining a prolonged half-life. BGM0504 has shown robust and sustained efficacy in clinical trials across both T2DM and obesity/overweight indications. In a head-to-head phase 2a trial against semaglutide, BGM0504 achieved superior glycemic control with a favorable safety and tolerability profile. According to the recently announced topline results of BGM0504's phase 3 clinical trial for the obesity/overweight indication, BGM0504 also demonstrated significant weight loss efficacy, along with meaningful improvements in cardiovascular and lipid parameters. At 52 weeks, the primary analysis based on the full analysis set showed that BGM0504 achieved a mean weight reduction of up to 19.2% from baseline (compared to 3.1% in the placebo group; 19.3% and 3.3%, respectively, in the supplementary analysis based on the per-protocol set), with up to 48.9% of subjects achieving at least 20% weight loss. Further, mean waist circumference decreased by up to 16.5 cm (compared to 3.3 cm in the placebo group).

Building on BGM0504's promising phase 2 clinical data, we have adopted a multi-regional clinical development strategy to capture significant market opportunities worldwide. We are rapidly advancing BGM0504 through global clinical trials across China, the U.S., and Southeast Asia. Clinical trials in China and Indonesia have entered phase 3, with NDA submissions anticipated as early as 2026. As of the Latest Practicable Date, there was only one GLP-1/GIP dual agonist approved globally, namely tirzepatide. According to CIC, in terms of development progress, BGM0504 currently ranks among the three most advanced clinical-stage GLP-1/GIP dual agonist candidates globally, both in injectable and oral dosage forms.

To further improve the convenience of administration, we are also developing BGM0504 tablets and initiated phase 1 clinical trials in non-diabetic adult subjects with obesity/overweight in the U.S. in August 2025 and in China in October 2025. In addition, BGM0504 may serve as a backbone therapy that can be optimized for different patient populations through multi-pathway targeting. We are developing BGM2102, which combines BGM0504 with BGM1812, our in-house developed long-acting amylin analog, to potentially enhance weight loss while reducing muscle loss in obesity/overweight patients by leveraging complementary appetite and metabolic pathways. For T2DM patients, we are developing BGM2101, which pairs BGM0504 with a once-weekly long-acting insulin analog to deliver comprehensive glycemic control while preserving the weight benefits of GLP-1 therapy. With its differentiated profile, broad therapeutic potential, and comprehensive development strategy, we believe BGM0504 is well-positioned to become a potentially global best-in-class therapeutic for patients with T2DM, obesity/overweight, and related metabolic disorders.

For more details on the key advantages of BGM0504, see "Business — Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential."

BGM1812, Long-acting Amylin Analog for Obesity/Overweight

BGM1812, an innovative long-acting amylin analog, represents a significant advancement in our metabolic disease pipeline. This novel compound activates both the amylin and calcitonin receptors simultaneously, potentially delivering enhanced efficacy at lower doses compared to single-target agents and improved safety.

Developed in both injectable and oral dosage forms, BGM1812 is investigated as a promising treatment for obesity/overweight, with potential clinical applications as monotherapy or in combination regimens. In the U.S., we initiated a phase 1 clinical trial for BGM1812 injection for the treatment of obesity/overweight in October 2025. In China, we initiated a phase 1 clinical trial for BGM1812 injection to treat obesity/overweight in December 2025. We plan to complete theses trials in the third quarter of 2026. In addition, we plan to submit IND applications both in China and the U.S. in the second quarter of 2027 to initiate phase 1 trials for BGM1812 tablets for obesity/overweight management. We are also actively exploring the treatment potential of BGM2102, a fixed-dose combination of BGM1812 and BGM0504 as a promising treatment for obesity/overweight.

For more details on the key advantages of BGM1812, see "Business — Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM1812, Long-acting Amylin Analog for Obesity/Overweight."

Respiratory Diseases

Respiratory diseases represent a substantial global healthcare burden, ranking as the fifth largest chronic disease area worldwide and the seventh largest in China in terms of market size, according to CIC. With the global respiratory drug market reaching US$150.7 billion in 2025, significant unmet needs persist — especially as traditional oral therapies remain limited by systemic side effects and poor patient adherence.

Inhalation therapies offer a clinically validated solution through their site-specific delivery advantages. However, formulation complexities and device engineering requirements have limited the availability of effective inhaled products — a market dynamic that creates significant opportunities for leading developers of advanced drug-device combinations.

Our multidisciplinary expertise and proprietary know-how have created significant competitive barriers through our drug-device combination platform and inhaled product pipeline. Notably, in the field of soft mist inhaler (SMI) drug products, where no generic products achieve approval globally to date due to complex aerosolization mechanisms and precision manufacturing requirements, we have developed deep expertise in formulation-device compatibility and established proprietary technological approaches. Similarly, in dry powder inhaler (DPI) drug products, where approved generics remain scarce due to challenges in particle engineering, powder blending, and airflow optimization, our breakthroughs in micronization and homogeneous mixing technologies have solved these fundamental technical hurdles — demonstrating our ability to overcome industry-wide barriers in respiratory drug delivery.

Based on our core technologies, we have built a respiratory pipeline with significant market value, represented by the following products:

- ***Salmeterol/Fluticasone Dry Powder for Inhalation.*** We are developing a fixed-dose combination product candidate for asthma and COPD comprising two active ingredients: salmeterol, a long-acting β 2-agonist (LABA), and fluticasone propionate, an inhaled corticosteroid, delivering both immediate symptom relief and long-term disease control. This product candidate incorporates our proprietary DPI device technology and advanced particle engineering capabilities, which deliver superior drug particle uniformity compared to industry standards, according to CIC. This enhanced particle uniformity enables more consistent and precise drug delivery to target lung regions, resulting in

improved bioavailability and potentially superior therapeutic outcomes compared to existing products in the market. According to CIC, the market size for salmeterol/fluticasone dry powder for inhalation in China was RMB1.5 billion in 2025 and is expected to reach RMB2.0 billion by 2035. We expect to receive marketing approval for two strengths in the third quarter of 2027.

- ***Budesonide Suspension for Inhalation.*** We have developed a nebulizer-compatible inhaled corticosteroid designed for targeted anti-inflammatory treatment of respiratory conditions. Its suspension formulation provides enhanced drug stability and uniform particle distribution for consistent therapeutic delivery. Nebulized administration offers superior lung penetration while reducing the need for patient coordination, making it particularly suitable for pediatric patients and those unable to effectively use metered-dose inhaler (MDI) or DPI devices. This optimized formulation offers both reliable dosing accuracy and improved treatment compliance, addressing key challenges in respiratory care for vulnerable patient groups. According to CIC, the market size for budesonide suspension for inhalation in China was RMB4.4 billion in 2025 and is expected to reach RMB6.2 billion by 2035. We received marketing approval from the NMPA for budesonide suspension for inhalation in October 2025 and launched this product in December 2025.

- ***Tiotropium Bromide-based Products.*** Tiotropium bromide is a long-acting anticholinergic bronchodilator (LAMA) that selectively blocks M3 receptors on airway smooth muscle, effectively inhibiting bronchoconstriction and providing 24-hour bronchodilation for COPD maintenance therapy. As a cornerstone medication in COPD management, tiotropium bromide represents a critical therapeutic intervention with well-established clinical efficacy and safety profile.

  Building upon this proven molecule, we are developing three complementary formulations — including tiotropium bromide dry powder for inhalation, tiotropium bromide soft mist for inhalation and tiotropium bromide/olodaterol soft mist for inhalation, enabling precision therapy across COPD patient populations and clinical needs. According to CIC, the China tiotropium bromide drug market size reached approximately RMB0.8 billion in 2025 and is projected to grow to RMB1.1 billion by 2035. We expect to receive marketing approvals for our tiotropium bromide-based products between 2026 and 2028.

We are also developing multiple novel therapies to expand our respiratory pipeline, including a potential first-in-class TSLP nanobody inhalation (Category 1 innovative drug), and Category 2 modified new drugs such as ensifentrine inhalation. These candidates are expected to enter clinical development in 2026 and 2027.

OUR BUSINESS MODEL AND STRATEGIC TRANSITION TO INNOVATIVE DRUG DEVELOPMENT

We were founded in 2001 as a manufacturer of pharmaceutical APIs and intermediates before expanding into generic drug development, and formally commenced the research and development of innovative therapies in 2015. Our natural expansion into innovative drug development arises from a strategic insight into where future value can be created and our sustained investment, deliberate capability-building, and progressive advancement along the pharmaceutical value chain.

SUMMARY

We currently pursue an innovation-centric business model in which innovative drug research and development is our strategic priority, supported by a portfolio of marketed generic drug products with significant differentiation and high barriers to entry. The key attributes of our business model are set out below:

- **Deep R&D Infrastructure Built Through Sustained Investment.** Our business model is underpinned by over a decade of sustained investment in R&D capabilities, talent, and scientific expertise. As of December 31, 2025, our R&D team comprised over 270 members. Our team members bring extensive experience from multinational pharmaceutical companies and leading domestic enterprises, providing the scientific depth and cross-functional expertise necessary to advance a diversified innovative pipeline. Throughout the Track Record Period, our research and development expenses exceeded 20% of total revenue in each year. The strength of our innovation capabilities is further evidenced by our intellectual property portfolio. As of December 31, 2025, we had 298 granted patents and 201 pending patent applications, and have been recognized with multiple national-level intellectual property awards.

- **High-Barrier Generics Built on Innovation-Grade Capabilities.** We have viewed our generics portfolio not as an end in itself, but as a foundation through which we are continuously building the expertise and experience to pursue our ultimate objective: innovative drug development. Accordingly, we have strategically concentrated on high-barrier generics that require advanced scientific expertise and present substantial barriers to entry, in many cases demanding R&D capabilities that rival those of innovative drug development. For example, our multidisciplinary expertise and proprietary know-how have created significant competitive barriers through our drug-device combination platform and inhaled product pipeline. Notably, in the field of soft mist inhaler (SMI) drug products, we have developed deep expertise in formulation-device compatibility and established proprietary technological approaches.

- **Synergies Across Our Generic and Innovative Drug Portfolios.** Our generics and innovative drug portfolios are highly complementary, drawing upon shared technology platforms, R&D infrastructure, and scientific expertise. The advanced expertise required to develop and manufacture our high-barrier generics directly contributes to our innovative drug programs. For example, our synthetic biology platform — originally established for generic drug development — encompasses multi-disciplinary know-how that has been leveraged in the process development and scale-up of our peptide-based innovative drug candidates, most notably BGM0504, enabling its swift progression from research through to commercial-scale production.

- **Commercially Resilient Model for Long-Term Innovation.** Our strategic transition towards innovative drug development is driven by well-defined commercial considerations and aligns with broader trends in China's pharmaceutical sector. At the same time, our established generics portfolio provides sustained revenue streams that fund our R&D initiatives and mitigate the extended timelines and inherent risks associated with innovative drug development, enabling us to advance our pipeline with financial discipline and commercial resilience.

We believe our progressive approach, established capabilities, and growing innovative pipeline position us well to execute our strategy of becoming a fully integrated pharmaceutical company with meaningful presence in both innovative and generic drug development. However, there can be no assurance that this strategy will be successfully implemented or that it will yield the results we expect: our innovative drug candidates may not obtain regulatory approval or achieve commercial success, our generics revenue may come under pressure from increasing competition, shifting market demand and changes of pricing, among others, and we may not be able to build the additional capabilities required to complete this transition in a timely or cost-effective manner. See also "Risk Factors —

Risks Relating to Our Business and Industry — Substantially all of our revenue during the Track Record Period was derived from generic drug products, and there is no assurance that our strategic transition to innovative drug development will be successfully implemented."

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths differentiate us from our competitors: (i) we are a global pharmaceutical company spearheading breakthroughs in metabolic and respiratory diseases and other therapeutic areas with significant disease burden; (ii) we have developed a strong portfolio of innovative clinical-stage drug candidates with global best-in-class potential targeting metabolic diseases; (iii) we are developing competitive respiratory therapeutics leveraging our innovative delivery systems and drug-device combination platform; (iv) we have built industry-leading technology platforms and scientific expertise that enable cutting-edge drug innovation; (v) we have established a global commercial network and collaborative models that drive value creation; (vi) our established manufacturing capabilities deliver end-to-end integration, quality assurance and supply chain independence; and (vii) visionary leadership with extensive industry expertise guides our strategic growth and innovation. For details, see "Business — Our Competitive Strengths."

OUR BUSINESS STRATEGIES

We intend to pursue the following strategic initiatives: (i) continuously advance the clinical development of our metabolic disease candidates with global best-in-class potential; (ii) establish a comprehensive respiratory product portfolio with high entry barriers, leveraging our drug-device combination platform; (iii) solidify our platform-based R&D capabilities while building industry-leading CMC and manufacturing competencies; (iv) strengthen and diversify our commercial capabilities across both domestic and international markets; and (v) attract and retain talent to drive innovation and global expansion. For details, see "Business — Our Business Strategies."

OUR TECHNOLOGY PLATFORMS

Through years of dedicated research, we have built a suite of proprietary drug R&D platforms encompassing peptide technology, drug-device combinations, and synthetic biology, further enhanced by the Macoral® oral formulation platform developed by Oralead Pharma, an associate of our Company. We follow two strategic R&D pathways built upon these technology platforms: (i) in the generic drug sector, we have accumulated extensive experience from the successful development of pharmaceutical products, including obtaining multiple manufacturing and marketing approvals to commercialize our own finished drug products; and (ii) for innovative drug development, we focus on differentiated novel therapies with high clinical value and substantial technical barriers to competition, offering substantial clinical and commercial value. For details, see "Business — Technology Platforms."

RESEARCH AND DEVELOPMENT

We are advancing our R&D strategy with innovative drugs at the forefront, while sustaining our edge in generics and APIs/intermediates. Our R&D team is led by Dr. Yuan, our founder and chairman of the Board, and other distinguished scientists with extensive drug development experience and expertise. We conduct research and development activities primarily through our in-house R&D team and engage CROs from time to time to support our preclinical research and clinical trials. As of December 31, 2025, our in-house R&D team consisted of over 270 members, around 37.0% of whom held master or doctoral degrees, mainly in biology, pharmacology, chemistry, and medical science.

For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB248.6 million, RMB297.5 million and RMB304.9 million, respectively, of which 20.3%, 38.9% and 62.4% were invested in the development of our innovative drug candidates. For details, see "Business — Research and Development."

MANUFACTURING

We currently manufacture our finished drug products and APIs/intermediates primarily in-house, in compliance with international cGMP standards. We have historically engaged, and will continue to engage, industry-recognized CDMOs to supplement our in-house manufacturing capacity, enabling us to optimize resource allocation and maintain cost efficiency.

We currently operate two manufacturing sites, both located in Jiangsu province, China. Our manufacturing facilities in Taixing, Jiangsu specialize in the production of APIs and intermediates (including synthetic, fermentation-based semi-synthetic, and peptide products), with an annual API production capacity exceeding 50 tons. Our manufacturing facilities in Suzhou are primarily responsible for the production of finished drug products, including small molecule drugs, peptides, and biologics, with an annual production capacity of approximately 600 million units. As of the Latest Practicable Date, we also had several new manufacturing facilities under construction (including expansion of our existing manufacturing facilities). Furthermore, we are expanding our manufacturing capabilities internationally through joint ventures that combine our technical expertise with local market knowledge, with an aim to develop regionally tailored pharmaceutical products that capture overseas opportunities. For details, see "Business — Manufacturing."

SALES AND MARKETING

We have strategically positioned ourselves as a global pharmaceutical company by deepening our presence in China, the U.S., Europe, Japan, South Korea, and key emerging markets. Leveraging our internationally compliant manufacturing systems and global regulatory expertise, we strive to strengthen our established market position across major countries while actively expanding into high-potential emerging markets through targeted commercialization efforts. Our marketing initiatives are primarily executed by our in-house sales and marketing team. We have also built collaborations with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products.

Our sales and marketing operations are managed by experienced professionals with strong sales capabilities and experience to support systematic planning and efficient network operations. We have established a geographically diversified sales and distribution model with distinct yet complementary commercial approaches for domestic and international markets. For details, see "Business — Sales and Marketing."

PRICING

We formulate and implement comprehensive pricing strategies for our products to maintain competitiveness and profitability in the pharmaceutical market. Our pricing decisions take into account multiple factors, including our R&D, production and marketing costs and expenses, the regulatory framework, the perceived value of our products to patients and healthcare providers, and our market position within the competitive landscape. For details, see "Business — Pricing."

Impact of VBP Schemes and the NRDL

Our pricing and commercialization of finished drug products in China are materially influenced by the regulatory framework governing pharmaceutical procurement and reimbursement, in particular national and provincial volume-based procurement ("**VBP**") schemes and the National Reimbursement Drug List ("**NRDL**"). Upon obtaining marketing approval, our drug products intended for sales to public hospitals and medical institutions are generally required to be listed on centralized procurement platforms, and the listing prices and commercial performance of such products may be affected by applicable VBP requirements, NRDL reimbursement arrangements and other pricing administration mechanisms. As of the Latest Practicable Date, all our finished drug products currently marketed in China had been listed on centralized procurement platforms across multiple provinces in China.

VBP schemes are generally applicable to mature pharmaceutical products with sufficient market competition and may require participating manufacturers to offer substantial price reductions in exchange for committed procurement volumes and broader hospital access. As of December 31, 2025, five of our marketed finished drug products had been included in national VBP schemes. Revenue generated from sales of products pursuant to the implementation of national VBP schemes amounted to RMB62.3 million, RMB77.5 million and RMB83.9 million in 2023, 2024 and 2025, respectively, representing 5.4%, 6.2% and 7.0% of our total revenue for the corresponding years.

NRDL inclusion generally enhances patient affordability and product accessibility by enabling reimbursement under China's basic medical insurance system, which supports hospital access and sales volume, but may also involve negotiated price reductions or other reimbursement-related constraints. As of December 31, 2025, nine of our marketed finished drug products had been included in the NRDL. Revenue recognized from sales of the relevant products following their NRDL inclusion amounted to RMB118.9 million, RMB144.3 million and RMB160.8 million in 2023, 2024 and 2025, respectively, representing 10.2%, 11.5% and 13.4% of our total revenue for the corresponding years.

We face both opportunities and risks under the VBP schemes and the NRDL. Inclusion in VBP schemes and the NRDL may expand our market access, improve product penetration and increase sales volume, while typically bringing pricing pressure which potentially reduces gross profit margins. In addition, products not included in VBP schemes or the NRDL, or included on less favorable terms than competing products, may face disadvantages in hospital procurement, physician adoption and patient affordability. See "Business — Pricing — Pricing of Finished Drug Products" and "Risk Factors — Risks Relating to Our Business and Industry" for details.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of pharmaceutical companies who purchase APIs and intermediates from us, as well as our distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year amounted to RMB322.3 million, RMB451.6 million, and RMB329.9 million, respectively, accounting for 27.7%, 36.0% and 27.6% of our total revenue for the respective years, and revenue from our largest customer for each year amounted to RMB82.9 million, RMB130.9 million, and RMB94.9 million, respectively, accounting for 7.1%, 10.4% and 7.9% of our total revenue for the respective years. For details, see "Business — Our Customers."

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of suppliers of raw materials and CRO services. For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers for each year amounted to RMB193.4 million, RMB161.0 million, and RMB383.5 million, respectively, accounting for 27.3%, 23.2% and 39.2% of our total purchases for the respective years, and our purchases from our largest supplier for each year amounted to RMB89.0 million, RMB43.9 million, and RMB268.4 million, respectively, accounting for 12.6%, 6.3% and 27.5% of our total purchases for the respective years. The increase in purchases from our largest supplier in 2025 was mainly attributable to higher spending on clinical trial activities for BGM0504 as compared with earlier periods. For details, see "Business — Our Suppliers."

INTELLECTUAL PROPERTY

To fortify our technological leadership, we maintain rigorous intellectual property protection and have consistently received multiple national-level IP awards. As of December 31, 2025, we had 298 granted patents and 201 patent applications. Our IP portfolio spans multiple countries and regions worldwide, including China, the United States, Japan, Canada, Europe, and South Korea. In February 2025, we were granted BGM0504's compound patent in the United States, providing a solid foundation for its global development plan and competitive differentiation.

COMPETITION

The pharmaceutical and biopharmaceutical industries are characterized by rapidly advancing technologies, competition, and a strong emphasis on proprietary drugs. We face competition across multiple aspects including R&D capabilities, brand recognition, product efficacy and safety, pricing, marketing and sales coverage. Some competitors possess greater financial resources, broader clinical pipelines and more established marketing networks, enabling them to reach larger markets or introduce substitute products in our target fields.

We believe our competitive advantage lies in our differentiated product portfolio and pipeline, advanced technology platforms, as well as our global-standard manufacturing quality and robust commercialization foundation. Our continued competitiveness will rely on our ability to consistently advance our innovative drug research, strengthen our integrated R&D and manufacturing foundation, enhance commercialization in both domestic and international markets, and foster an innovation-driven culture supported by outstanding scientific and managerial talent to sustain long-term development and global growth. For details of the market landscape and the competition we face, see "Industry Overview."

SUMMARY OF KEY FINANCIAL INFORMATION

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

Summary of Consolidated Statements of Profit or Loss

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

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	**1,163,623**	**1,254,868**	**1,198,205**
Cost of sales	(510,407)	(519,145)	(580,810)
Gross profit	**653,216**	**735,723**	**617,395**
Other income and gains	67,386	70,571	83,024
Selling and distribution expenses	(64,069)	(71,743)	(78,022)
Administrative expenses	(121,871)	(147,399)	(166,279)
Research and development expenses	(248,592)	(297,453)	(304,947)
Impairment losses on financial assets, net	(2,467)	(12,353)	(20,274)
Other expenses	(36,804)	(58,549)	(41,414)
Finance costs	(44,424)	(52,435)	(62,957)
Share of losses of associates	(13,605)	(9,162)	(12,617)
Profit/(Loss) before tax	**188,770**	**157,200**	**13,909**
Income tax (expense)/credit	(15,346)	(15,937)	23,045
Profit for the year	**173,424**	**141,263**	**36,954**
Attributable to:			
Owners of the parent	202,466	189,167	54,514
Non-controlling interests	(29,042)	(47,904)	(17,560)
	173,424	141,263	36,954

Revenue

We generated revenue primarily from the sales of pharmaceutical products, including APIs/intermediates and finished drug products, during the Track Record Period. See "Business — Our Product Portfolio — Our Marketed Products" for details. We also provided research and development services, which constituted a small portion of our revenue during the Track Record Period.

The following table sets forth the breakdown of our revenue by types of goods or services for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	947,363	81.4	1,047,914	83.5	968,855	80.9
Finished drug products	138,009	11.9	161,150	12.8	176,191	14.7
Subtotal	1,085,372	93.3	1,209,064	96.3	1,145,046	95.6
Research and development services	75,805	6.5	39,218	3.1	16,157	1.3
Others[(1)]	2,446	0.2	6,586	0.6	37,002	3.1
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Primarily representing licensing revenue and income from providing manufacturing services to third parties.

The following table sets forth the revenue contribution from our major marketed products that contributed over 5% of our revenue in any year of the Track Record Period for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Micafungin sodium[(1)]	**159,315**	**13.7**	**217,904**	**17.3**	**169,978**	**14.2**
Finished drug products	49,872	4.3	69,265	5.5	72,042	6.0
APIs/Intermediates	109,443	9.4	148,639	11.8	97,936	8.2
Oseltamivir phosphate[(1)]	**331,644**	**28.5**	**202,090**	**16.1**	**112,920**	**9.5**
Finished drug products	78,495	6.7	64,343	5.1	66,595	5.6
APIs/Intermediates	253,149	21.8	137,747	11.0	46,325	3.9
Caspofungin acetate[(1)]	**84,937**	**7.3**	**119,327**	**9.5**	**108,729**	**9.1**
Finished drug products	227	0.0	—	—	—	—
APIs/Intermediates	84,710	7.3	119,327	9.5	108,729	9.1
Anidulafungin[(2)]	**48,921**	**4.2**	**119,735**	**9.5**	**106,477**	**8.9**
Fidaxomicin[(2)]	**52,591**	**4.5**	**87,006**	**6.9**	**64,983**	**5.4**
Eribulin mesylate[(1)]	**34,152**	**2.9**	**77,096**	**6.2**	**32,800**	**2.7**
Finished drug products	2,567	0.2	15,744	1.3	12,576	1.0
APIs/Intermediates	31,585	2.7	61,352	4.9	20,224	1.7
Pimecrolimus[(2)]	**19,569**	**1.7**	**37,003**	**2.9**	**63,250**	**5.3**
Dalbavancin[(2)]	**35,355**	**3.0**	**21,225**	**1.7**	**93,629**	**7.8**

Notes:

(1) Including revenue from the sales of both finished drug products and APIs/intermediates.

(2) Including revenue from the sales of APIs/intermediates only. During the Track Record Period, we did not sell these products in final dosage forms.

The following table sets forth a breakdown of our revenue by geographic area and distribution channel for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Chinese Mainland						
Direct sales[(1)]	470,283	40.4	325,726	26.0	288,733	24.1
Distributors	296,642	25.5	352,331	28.1	389,761	32.5
Subtotal	766,925	65.9	678,057	54.0	678,494	56.6
Outside Chinese Mainland						
Direct sales[(1)]	302,626	26.0	364,448	29.0	355,233	29.6
Distributors	94,072	8.1	212,363	16.9	164,478	13.7
Subtotal	396,698	34.1	576,811	46.0	519,711	43.4
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Our direct sales primarily represent sales of APIs and intermediates to downstream pharmaceutical companies, both domestically and overseas.

Our revenue increased by 7.8% from RMB1,163.6 million in 2023 to RMB1,254.9 million in 2024, primarily driven by increased sales of certain major marketed products, including micafungin sodium, eribulin mesylate and anidulafungin, which reflected (i) growing market penetration of our finished drug products, driven by growing demand and our effective marketing efforts, and (ii) higher demand for our APIs/intermediates from downstream customers preparing for commercialization and drug manufacturing. This increase in revenue was partially offset by reduced sales of oseltamivir phosphate, which was primarily due to lower flu incidence and continuously declining average selling price following the implementation of China's national VBP schemes applicable to oseltamivir phosphate products in the PRC market, which commenced in November 2022 for capsules and in July 2023 for powder for oral suspension. Our revenue decreased by 4.5% from RMB1,254.9 million in 2024 to RMB1,198.2 million in 2025, primarily reflecting lower sales across several major marketed products. The decrease was primarily attributable to (i) a decline in revenue from oseltamivir phosphate APIs/intermediates, reflecting ongoing price compression following oseltamivir phosphate's inclusion in the VBP scheme and intensified market competition from a growing number of generic products, (ii) a decrease in revenue from micafungin sodium APIs/intermediates, primarily because procurement by customers in 2024 was elevated as they built up inventories in preparation for product commercialization, (iii) a decrease in revenue from eribulin mesylate APIs/intermediates as customer demand normalized following initial stocking for the U.S. market launch in 2024, and (iv) a decrease in revenue from fidaxomicin APIs, primarily as customer procurement normalized following elevated demand in 2024 driven by the expiry of the originator drug's core compound patent in the U.S.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin by types of goods or services for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	504,326	53.2	607,621	58.0	522,231	53.9
— Micafungin sodium	86,849	79.4	119,469	80.4	74,400	76.0
— Oseltamivir phosphate	94,886	37.5	55,932	40.6	5,255	11.3
— Other products	322,591	55.2	432,220	56.8	442,576	53.7
Finished drug products	92,433	67.0	103,016	63.9	70,514	40.0
— Micafungin sodium	42,255	84.7	59,582	86.0	52,708	73.2
— Oseltamivir phosphate	49,199	62.7	29,676	46.1	11,920	17.9
— Other products	979	10.2	13,758	50.0	5,886	15.7
Subtotal	596,759	55.0	710,637	58.8	592,745	51.8
Research and development services	54,829	72.3	21,044	53.7	9,353	57.9
Others[(1)]	1,628	66.6	4,042	61.4	15,297	41.3
Total	**653,216**	**56.1**	**735,723**	**58.6**	**617,395**	**51.5**

Note:

(1) Primarily representing gross profit and gross profit margin related to our licensing revenue and income from providing manufacturing services to third parties.

The following table sets forth a breakdown of our gross profit and gross profit margin by geographic area and distribution channel for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Chinese Mainland						
Direct sales[(1)]	226,026	48.1	142,903	43.9	116,580	40.4
Distributors	153,185	51.6	182,819	51.9	176,441	45.3
Subtotal	379,211	49.4	325,722	48.1	293,021	43.2
Outside Chinese Mainland						
Direct sales[(1)]	208,222	68.8	258,211	70.9	219,941	61.9
Distributors	65,783	69.9	151,790	71.5	104,433	63.5
Subtotal	274,005	69.1	410,001	71.0	324,374	62.4
Total	**653,216**	**56.1**	**735,723**	**58.6**	**617,395**	**51.5**

Note:

(1) Our direct sales primarily represent sales of APIs and intermediates to downstream pharmaceutical companies, both domestically and overseas.

Our gross profit margin increased from 56.1% in 2023 to 58.6% in 2024, primarily due to (i) a shift in revenue mix towards higher-margin products, such as micafungin sodium, eribulin mesylate and anidulafungin. Meanwhile, the revenue contribution from oseltamivir phosphate, which experienced continued margin declines following its inclusion in the VBP scheme, decreased from 28.5% of total revenue in 2023 to 16.1% in 2024. Our gross profit decreased by 16.1% from RMB735.7 million in 2024 to RMB617.4 million in 2025. Our gross profit margin decreased from 58.6% in 2024 to 51.5% in 2025, primarily reflecting the combined impact of margin compression and changes in revenue mix across multiple marketed products, including (i) the continued decline in the gross profit margin of oseltamivir phosphate following its inclusion in the VBP scheme, and (ii) a decrease in revenue contribution from certain higher-margin APIs/intermediates, such as micafungin sodium, eribulin mesylate and anidulafungin.

Profit for the Year

Our profit for the year was RMB173.4 million and RMB141.3 million and RMB37.0 million for the years ended December 31, 2023, 2024 and 2025, respectively. Beyond the factors affecting our gross profit during the Track Record Period discussed above: (i) our profit for the year decreased from RMB173.4 million in 2023 to RMB141.3 million in 2024, primarily due to increases in research and development expenses as we continued to advance the development of BGM0504 and other pipeline products; and (ii) our profit for the year decreased from RMB141.3 million in 2024 to RMB37.0 million in 2025, primarily due to higher staff costs, and increased depreciation and amortization following the completion of our Suzhou facilities' construction in December 2024.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Total non-current assets	3,184,265	3,512,722	4,036,339
Total current assets	1,839,738	1,640,278	1,788,502
Total current liabilities	922,247	1,052,387	1,280,305
Net current assets	917,491	587,891	508,197
Total assets less current liabilities	4,101,756	4,100,613	4,544,536
Total non-current liabilities	1,695,518	1,674,583	1,698,360
Net assets	2,406,238	2,426,030	2,846,176

Our net current assets decreased from RMB917.5 million as of December 31, 2023 to RMB587.9 million as of December 31, 2024, primarily due to (i) a decrease of RMB216.9 million in cash and cash equivalents, and (ii) an increase of RMB77.4 million in our interest-bearing bank borrowings. Our net current assets decreased from RMB587.9 million as of December 31, 2024 to RMB508.2 million as of December 31, 2025, primarily due to (i) an increase of RMB237.1 million in our interest-bearing bank borrowings, and (ii) a decrease of RMB9.5 million in trade and bills receivables, partially offset by an increase of RMB201.0 million in cash and cash equivalents.

Our net assets increased from RMB2,406.2 million as of December 31, 2023 to RMB2,426.0 million as of December 31, 2024, primarily attributable to (i) profit for the year of RMB141.3 million, and (ii) capital injection by non-controlling interests of RMB103.0 million from Atmen Pharmaceutical, partially offset by combined effect of (i) acquisition of non-controlling interests of RMB136.1 million from Wuxi BrightGene, (ii) dividend declared of RMB40.5 million in 2023 and (iii) changes in fair value of equity interests at fair value through other comprehensive income ("**FVTOCI**") of RMB38.0 million as a result of changes in the fair value of unlisted equity investments. Our net assets increased from RMB2,426.0 million as of December 31, 2024 to RMB2,846.2 million as of December 31, 2025, primarily attributable to capital injection by non-controlling interests of RMB399.8 million. For details, see "Consolidated Statements of Changes in Equity" in the Accountants' Report set out in Appendix I to this document.

Summary of Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Net cash flows from operating activities	194,765	245,559	325,191
Net cash flows used in investing activities	(439,853)	(224,031)	(622,544)
Net cash flows from/(used in) financing activities	61,611	(240,585)	497,652
Net (decrease)/increase in cash and cash equivalents	(183,477)	(219,057)	200,299
Cash and cash equivalents at beginning of the year	1,151,735	971,041	754,102
Effect of foreign exchange rate changes, net	2,783	2,118	662
Cash and cash equivalents at the end of the year	971,041	754,102	955,063

BUSINESS SUSTAINABILITY

We experienced fluctuations in our financial performance during the Track Record Period. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively. Our profit amounted to RMB173.4 million, RMB141.3 million and RMB37.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Our historical financial performance was principally attributable to (i) the varying revenue contributions and sales performance of individual products in our portfolio; (ii) price movements of marketed products across generic drug life cycles, particularly following inclusion in VBP schemes in China; and (iii) our continued investment in research and development and its impact on our overall cost structure. For details on the reasons underlying the fluctuation in our historical financial performance, and our approach to drive revenue growth and enhance our business sustainability and profitability, see "Financial Information — Business Sustainability."

RISK FACTORS

Our business faces risks including those set out in the section headed "Risk Factors." As different [REDACTED] may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to [REDACTED] in our Company.

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	48,161	40,522	40,551

As of the date of this document, we have paid these dividends in full.

After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. In principle, we prioritize cash dividends as the profit distribution method if the conditions for cash dividends are met. When we have major investment plans or significant cash expenditures, we may distribute dividends in the form of share equity. 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 and 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 and the relevant laws. Our Shareholders may approve any declaration of dividends. For details, see "Financial Information — Dividends."

[REDACTED]

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK$[REDACTED], after deducting [REDACTED] [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and that the [REDACTED] is not exercised. We currently intend to apply these [REDACTED] for the following purposes: (i) approximately [REDACTED]%, or HK$[REDACTED], will be used for the research and development activities of our existing and future innovative drug candidates in China and overseas, including [REDACTED]% for BGM0504, [REDACTED]% for BGM1812, [REDACTED]% for BGM2102, [REDACTED]% for BGM2101, [REDACTED]% for talent recruitment and team building and [REDACTED]% for strengthening our product pipeline and R&D capabilities through strategic collaborations and investments; (ii) approximately [REDACTED]%, or HK$[REDACTED], will be used to construct and upgrade our manufacturing and R&D infrastructure in China; and (iii) approximately [REDACTED]%, or HK$[REDACTED], will be used to provide funding for our working capital and other general corporate purposes. For further details, see "Future Plans and [REDACTED]."

[REDACTED]

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Yuan directly held 113,535,123 A Shares. Ms. Zhong, Dr. Yuan's mother, directly held 22,543,669 A Shares. Borui Xinwen, the general partner of which is Ms. Zhong, directly held 26,801,844 A Shares. As advised by our PRC Legal Advisor, Ms. Zhong is deemed as a person acting in concert with Dr. Yuan pursuant to applicable PRC laws and regulations. Dr. Yuan, Ms. Zhong and Borui Xinwen therefore constitute a group of our Controlling Shareholders, who were entitled to exercise, or control the exercise of, the voting rights attaching to approximately 37.89% of our total issued shares as of the Latest Practicable Date (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date).

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), Dr. Yuan, Ms. Zhong and Borui Xinwen, will control approximately [REDACTED]% of voting rights in our Company (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). Therefore, Dr. Yuan, Ms. Zhong and Borui Xinwen will continue to be our Controlling Shareholders upon the [REDACTED]. For further details of our corporate structure and the shareholding of our Controlling Shareholders, see "History and Corporate Structure" and "Relationship with Our Controlling Shareholders" in this document.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Recent Developments

Since the end of the Track Record Period, we have continued to advance our pipeline. In January 2026, our ANDA submissions for salmeterol/fluticasone dry powder for inhalation in 50μg/250μg and 50μg/500μg strengths were accepted by the CDE. For BGM0504 injection, having completed a placebo-controlled phase 2 clinical trial evaluating BGM0504 injection in adults with obesity/overweight, we advanced the program into a phase 3 clinical trial. In May 2026, we announced positive topline results from this phase 3 clinical trial, which met the primary endpoints and all key secondary endpoints, and we were preparing the clinical study report as of the Latest Practicable Date. Separately, in March 2026, the last patient was enrolled in a second phase 2 clinical trial designed to evaluate the efficacy and safety of BGM0504 injection compared to tirzepatide in adults with obesity. This tirzepatide-comparator trial remains ongoing as of the Latest Practicable Date. For BGM0504 tablets, in March 2026, we announced positive results from our phase 1 clinical trials for BGM0504 tablets in China and the United States, which support the advancement of BGM0504 tablets into phase 2 clinical studies as a potential once-daily oral treatment for obesity/overweight. For details, see "Business — Our Product Portfolio."

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, as of the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

LISTING ON THE SSE STAR MARKET

On November 8, 2019, our A Shares were listed on the SSE STAR Market with the stock code of 688166. For details, see "History and Corporate Structure."

APPLICATION FOR [REDACTED] ON THE STOCK EXCHANGE

We [have applied] to the Listing Committee of the Stock Exchange for the grant of the [REDACTED] of, and permission to [REDACTED], our H Shares to be [REDACTED] pursuant to the [REDACTED] (including any H Shares which may be [REDACTED] pursuant to the exercise of the [REDACTED]), on the basis that, among other things, we satisfy the profit test under Rule 8.05(1) of the Listing Rules.

DEFINITIONS

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

"A Share(s)"	the domestic share(s) of our Company, with a nominal value of RMB1.00 each, which is/are listed on the SSE STAR Market and traded in Renminbi
"Accountants' Report"	the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this document
"affiliate"	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
"Atmen Pharmaceutical"	Atmen (Suzhou) Pharmaceutical Technology Co., Ltd (艾特美(蘇州)醫藥科技有限公司), a limited liability company established in the PRC on July 9, 2020, and a non-wholly owned subsidiary of our Company
"Atsenbo Pharmaceutical"	Atsenbo (Suzhou) Pharmaceutical Technology Co., Ltd. (艾特申博(蘇州)醫藥科技有限公司), a limited liability company established in the PRC on November 25, 2021, and a non-wholly owned subsidiary of our Company
"Articles of Association" or "Articles"	the articles of association of our Company adopted on October 17, 2025 which will become effective upon the [REDACTED] and as amended from time to time, a summary of which is set out in Appendix VI to this document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"BIOSECURE Act"	a U.S. legislation enacted on December 18, 2025 to prohibit federal agencies from contracting with or providing loans, grants or funding to companies that are designated "biotechnology companies of concern"
"Board" or "Board of Directors"	the board of Directors of our Company
"Borui Xinwen"	Suzhou Borui Xinwen Management Consulting Partnership (Limited Partnership) (蘇州博瑞鑫穩管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 3, 2010, one of our Controlling Shareholders
"BrightGene InnoPharma"	BrightGene InnoPharma (Suzhou) Co., Ltd. (博瑞新創(蘇州)藥物研發有限公司), a limited liability company established in the PRC on June 25, 2023, and a wholly-owned subsidiary of our Company

DEFINITIONS

"BrightGene Pharmaceutical"	BrightGene Pharmaceutical (Suzhou) Co., Ltd. (博瑞製藥(蘇州)有限公司), a limited liability company established in the PRC on March 31, 2010, and a wholly-owned subsidiary of our Company
"Business Day" or "business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong and any day on which tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"China" or "PRC"	unless the context requires otherwise, and for the purpose of this document only, shall have the same meaning as Chinese Mainland.
"Chinese Mainland" or "Mainland"	the Mainland of People's Republic of China, namely, excluding the regions of Hong Kong, Macau and Taiwan of the People's Republic of China
"Chongqing Qiantai"	Chongqing Qiantai Medical Research Institute Co., Ltd. (重慶乾泰醫藥研究院有限公司), a limited liability company established in the PRC on November 2, 2021, and a non-wholly owned subsidiary of our Company
"CIC" or "Industry Consultant"	China Insights Industry Consultancy Limited, a market research and consulting company and Independent Third Party, which prepared the CIC Report
"CIC Report"	an independent market research report commissioned by our Company and prepared by CIC for the purpose of this document
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company Law" or "PRC Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	BrightGene Bio-Medical Technology Co., Ltd.(博瑞生物醫藥(蘇州)股份有限公司), a joint stock company with limited liability established on October 26, 2001, the A Shares of which are listed on the SSE STAR Market (stock code: 688166)
"Compliance Advisor"	First Shanghai Capital Limited

DEFINITIONS

"Comprehensively Sanctioned Countries"	including Cuba, Iran, North Korea, Syria, the Crimea, Kherson and Zaporizhzhia regions and the self-proclaimed Luhansk People's Republic and self-proclaimed Donetsk People's Republic regions
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules. For further details, see section headed "Relationship with Our Controlling Shareholders" in this document
"Convertible Bonds"	the convertible bonds issued by our Company and listed on the Shanghai Stock Exchange on January 27, 2022 under the code "118004"
"core connected person(s)"	has the meaning ascribed thereto under the Listing Rule
"CSDC"	China Securities Depository and Clearing Co., Ltd. (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), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive directors, non-executive directors and independent non-executive directors
"Dr. Yuan"	Dr. Yuan Jiandong (袁建棟), our founder, chairman of the Board, general manager, executive Director and one of our Controlling Shareholders
"EAR"	Export Administration Regulations administered by United States Bureau of Industry and Security, Department of Commerce
"EIT"	enterprise income tax
"EIT Law"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"EU"	European Union
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
[REDACTED]	[REDACTED]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Greater China"	the PRC, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
"Group," "our Group," "our," "we" or "us"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Guide for New Listing Applicants" or "Listing Guide"	the Guide for New Listing Applicants as published by the Stock Exchange in December 2023 and amended from time to time
[REDACTED]	[REDACTED]
"H Share(s)"	overseas [REDACTED] foreign share(s) in our ordinary share capital, with nominal value of RMB1.00 each in the share capital of our Company, which are to be subscribed for and [REDACTED] in HK dollars, and for which an application has been made for [REDACTED] and permission to [REDACTED] on the Stock Exchange
"HK BrightGene"	BRIGHTGENE INTERNATIONAL (HK)LIMITED, a limited liability company established in Hong Kong on May 9, 2018, and a wholly-owned subsidiary of our Company
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

DEFINITIONS

"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
[REDACTED]	[REDACTED]
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	an individual or a company which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

"International Sanctions"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. government, the European Union and its member states, the United Nations or the government of Australia
"International Sanctions Legal Advisors"	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the [REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Latest Practicable Date"	May 11, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication
[REDACTED]	[REDACTED]
"Listing Committee"	the Listing Committee of the Stock Exchange
[REDACTED]	[REDACTED]
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the GEM of the Stock Exchange
"Major Subsidiaries"	the major subsidiaries of our Company listed in "History and Corporate Structure — Our Major Subsidiaries"
"MOFCOM" or "Ministry of Commerce"	the Ministry of Commerce of the PRC (中華人民共和國商務部) (formerly known as the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部)
"Ms. Zhong"	Ms. Zhong Weifang (鍾偉芳), the mother of Dr. Yuan and one of our Controlling Shareholders

"NDRC"	the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Overseas Listing Trial Measures"	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) released by the CSRC on February 17, 2023 and took effect on March 31, 2023
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Legal Advisors"	Jingtian & Gongcheng, the legal advisors to our Company as to the laws of the PRC
"PRC Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as enacted by the 6th meeting of the 9th Standing Committee of the NPC on December 29, 1998, and became effective on July 1, 1999, as amended, supplemented or otherwise modified from time to time
[REDACTED]	[REDACTED]

"Primary Sanctioned Activity"	any activity in a Comprehensively Sanctioned Country or (i) with; or (ii) directly or indirectly benefiting, or involving the property or interests in property of, a Sanctioned Target by our Company incorporated or located in a Relevant Jurisdiction or which otherwise has a nexus with such jurisdiction with respect to the relevant activity, such that it is subject to the relevant sanctions law or regulation
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"R&D"	research and development
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assets or certain countries, governments, person or entities targeted by such law or regulation
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR"	State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"Sanctioned Target"	any person or entity (i) designated on any list of targeted persons or entities issued under the sanctions-related law or regulation of a Relevant Jurisdiction; (ii) that is, or is owned or controlled by, a government of a Comprehensively Sanctioned Country; or (iii) that is the target of sanctions under the law or regulation of a Relevant Jurisdiction because of a relationship of ownership, control, or agency with a person or entity described in (i) or (ii)
"SDN List"	the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
"SDNs"	individuals and entities that are placed on the SDN List

"Secondary Sanctionable Activity"	certain activity that may result in the imposition of sanctions against the Relevant Persons by a Relevant Jurisdiction (including designation as a Sanctioned Target or the imposition of penalties), even though our Company is not incorporated or located in that Relevant Jurisdiction and does not otherwise have any nexus with that Relevant Jurisdiction
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Share(s)
"Singapore BrightGene"	BRIGHTGENE PTE. LTD., a limited liability company established in Singapore on May 10, 2024, and a wholly-owned subsidiary of our Company
"Sole Sponsor"	the sole sponsor as named in the section headed "Directors and Parties Involved in the [REDACTED]" in this document
"SSE STAR Market"	the Shanghai Stock Exchange Science and Technology Innovation Board (上海證券交易所科創板)
"SSE STAR Market Listing Rules"	the Rules Governing the Listing of Stock on the Science and Technology Innovation Board of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》), as amended, supplemented or otherwise modified from time to time
"STA"	State Taxation Administration (中華人民共和國國家税務總局)
[REDACTED]	[REDACTED]
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Strategy and ESG Committee"	the strategy and ESG committee of the Board
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"Taixing BrightGene"	BrightGene Bio-Medical Taixing Co., Ltd. (博瑞生物醫藥泰興市有限公司), a limited liability company established in the PRC on January 26, 2007, and a subsidiary of our Company

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the three years ended December 31, 2025
"U.S. dollars," "US$" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"United States," "USA" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Valuer" or "JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our property valuer and an Independent Third Party
"VAT"	value added tax
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
"Wuxi BrightGene"	BrightGene InnoBio (Wuxi) Co., Ltd. (博瑞新創生物醫藥科技(無錫)有限公司), a limited liability company established in the PRC on November 19, 2021, and a wholly-owned subsidiary of our Company
"%"	per cent

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

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "core connected person(s)," "connected transaction(s)," and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of PRC laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are provided for identification purposes only.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain technical terms used in this document. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"505(b)(1)"	a new drug application filed pursuant to Section 505(b)(1) of the U.S. Federal Food, Drug, and Cosmetic Act, which requires the applicant to submit full reports of investigations of safety and effectiveness, in addition to other information required by the FDA. The data contained in the application must either be owned by the applicant or the applicant must have obtained the right of reference to such data
"505(j)"	an abbreviated new drug application filed pursuant to Section 505(j) of the U.S. Federal Food, Drug, and Cosmetic Act, which requires the applicant to demonstrate that the proposed drug product is identical or has the same active ingredient, dosage form, strength, route of administration, labeling, quality, performance characteristics and intended use as a previously approved reference listed drug
"acylation"	a process in which an acyl group is added into a compound
"AE"	adverse event, which may be mild, moderate, or severe, any untoward medical occurrence in a patient or subject receiving a drug or other pharmaceutical product in a clinical trial and which does not necessarily have a causal relationship with the treatment
"ANDA"	Abbreviated New Drug Application, application for the approval of a generic version of an already approved brand-name drug
"API"	active pharmaceutical ingredient, the biologically active component in a pharmaceutical drug that produces the intended therapeutic effect
"ARDS"	acute respiratory distress syndrome, a life-threatening lung condition that occurs when fluid builds up in the alveoli (air sacs) of the lungs, preventing adequate oxygen from reaching the bloodstream. It is characterized by rapid onset of widespread inflammation in the lungs
"Article 10(1)"	a generic drug application filed pursuant to Article 10(1) of Directive 2001/83/EC of the European Parliament and of the Council in the European Union. Under this pathway, the applicant for marketing authorization is not required to provide the results of non-clinical tests and clinical trials if the applicant can demonstrate that the medicinal product is a generic of a reference medicinal product which is or has been authorized under Article 6 of Directive 2001/83/EC for not less than eight years in any member state of the European Union or in the European Union
"bioavailability"	the proportion of a drug that enters the systemic circulation when introduced into the body and is available for therapeutic action. High bioavailability indicates that a drug is effectively absorbed and utilized by the body, which is crucial for the efficacy of inhalation therapies
"BLA"	biologics license application

GLOSSARY OF TECHNICAL TERMS

"CAGR"	compound annual growth rate
"Category 1 Biologics"	therapeutic biologics that have not been approved for marketing in the PRC or overseas, as defined under the Provisions on Registration Classification and Declaration Requirements for Biologics (《生物製品註冊分類及申報資料要求》) issued by the NMPA
"Category 1 Chemical Drug"	an innovative drug that has not been approved for marketing in the PRC or overseas, containing new chemical compounds with well-defined structures, pharmacological effects and clinical value, as defined under the Provisions on Registration Classification and Declaration Requirements for Chemical Drugs (《化學藥品註冊分類及申報資料要求》) issued by the NMPA
"Category 2 Chemical Drug"	a modified new drug that has not been approved for marketing in the PRC or overseas, which is optimized on the basis of known active ingredients in terms of structure, dosage form, formulation and manufacturing process, route of administration or indications, and demonstrates significant clinical advantages, as defined under the Provisions on Registration Classification and Declaration Requirements for Chemical Drugs (《化學藥品註冊分類及申報資料要求》) issued by the NMPA
"Category 3 Chemical Drug"	a generic drug manufactured by domestic applicants in the PRC, for which the corresponding reference listed drug has been approved for marketing overseas but not in the PRC. Such generic drug shall be demonstrated to be therapeutically equivalent to the reference listed drug in terms of quality and efficacy, as defined under the Provisions on Registration Classification and Declaration Requirements for Chemical Drugs (《化學藥品註冊分類及申報資料要求》) issued by the NMPA
"Category 4 Chemical Drug"	a generic drug manufactured by domestic applicants in the PRC, for which the corresponding reference listed drug has been approved for marketing in the PRC. Such generic drug shall be demonstrated to be therapeutically equivalent to the reference listed drug in terms of quality and efficacy, as defined under the Provisions on Registration Classification and Declaration Requirements for Chemical Drugs (《化學藥品註冊分類及申報資料要求》) issued by the NMPA
"CDMO"	contract development and manufacturing organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of development and manufacturing services outsourced on a contract basis
"cGMP"	current good manufacturing practice, guidelines that assure proper design, monitoring, and control of drug manufacturing process
"C_{max}"	the maximum observed concentration of a drug, a pharmacokinetic parameter that measures the highest concentration of a drug in the blood, cerebrospinal fluid, or target organ after a dose is given

GLOSSARY OF TECHNICAL TERMS

"CMC"	chemistry, manufacturing and controls, also commonly referred to as process development, which covers the comprehensive documentation and processes that define the chemical composition, manufacturing procedures, and quality control measures for pharmaceutical products. CMC encompasses the development, scale-up, and validation of manufacturing methods to ensure consistent product quality and compliance with regulatory standards
"CNS"	central nervous system, comprises the brain and spinal cord
"combination therapy"	a treatment approach that uses multiple methods or drugs simultaneously
"COPD"	chronic obstructive pulmonary disease, a chronic inflammatory lung disease that causes obstructed airflow from the lungs, with symptoms including breathing difficulty, cough and mucus production
"CRO"	contract research organization, a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"DMF"	Drug Master File, a confidential document submitted to regulatory agencies containing detailed information about facilities, processes, or materials used in the manufacturing, processing, and packaging of a drug
"double-blind"	a type of clinical trial in which neither the participants nor the researcher knows which treatment or intervention participants are receiving until the clinical trial is completed
"DPI"	dry powder inhaler, a type of inhalation device that delivers medication to the lungs in the form of a dry powder. DPIs do not require propellants and rely on the patient's inhalation effort to disperse the powder into respirable particles
"EC_{50}"	half maximal effective concentration, referring to the concentration of a drug, antibody or toxicant which induces a response halfway between the baseline and maximum after a specified exposure time
"EMA"	the European Medicines Agency, responsible for the scientific evaluation, supervision, and safety monitoring of medicines within the EU and the European Economic Area
"excipients"	inactive substances formulated alongside the API in a drug product, which play various roles, including aiding the manufacturing process, enhancing drug stability, and improving the delivery and absorption of the active ingredient
"FDA"	the United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"gastrointestinal"	the digestive system that includes the mouth, throat, esophagus, stomach, small intestine, large intestine and rectum

GLOSSARY OF TECHNICAL TERMS

"GCP"	good clinical practice, an international ethical and scientific quality standard for the performance of a clinical trial on medicinal products involving humans
"GIP"	glucose-dependent insulinotropic polypeptide, an inhibiting hormone of the secretin family of hormones
"GLP-1"	glucagon-like peptide-1, a peptide hormone that exerts biological function through activation of GLP-1receptors, which are expressing in various organs and tissues in the body, including adipose tissue, the liver, the cardiovascular system, and the central nervous system. In pancreatic islets, GLP-1 stimulates insulin secretion and suppresses glucagon release. Importantly, GLP-1 can increase cell regeneration. Furthermore, GLP-1 based therapy can also suppress appetite, delay gastric emptying, regulate blood lipid metabolism and reduce fat deposition
"half-life"	the time required for a quantity of substance to reduce to half of its initial quantity
"HbA1c"	Hemoglobin A1c, a measure of blood sugar level
"hypoglycemia"	a medical condition characterized by an abnormally low level of glucose (sugar) in the blood, often resulting in symptoms such as shakiness, sweating, confusion, and in severe cases, unconsciousness or seizures
"ICS"	inhaled corticosteroids, a form of inhaled steroid medication primarily used to reduce inflammation in the airways, controlling and preventing asthma and COPD symptoms. ICS are typically used as long-term maintenance therapy to help patients reduce the frequency and severity of acute exacerbations
"*in vitro*"	Latin for "within the glass", studies using components of an organism that have been isolated from their usual biological surroundings, such as microorganisms, cells or biological molecules
"*in vivo*"	Latin for "within the living", studies *in vivo* are those in which the effects of various biological or chemical substances are tested on whole, living organisms including animals, humans and plants, as opposed to a partial or dead organism, or those done *in vitro*
"IND"	investigational new drug or investigational new drug application, also known as clinical trial application in China or the U.S.
"innovative drug"	Category 1 innovative drug or Category 2 modified new drug as classified by the NMPA in China, and comparable designations in other jurisdictions
"insulin"	a hormone that regulates blood glucose levels by facilitating the uptake of glucose from blood into cells and inhibiting the liver from producing more glucose

GLOSSARY OF TECHNICAL TERMS

"KOL"	key opinion leader, expert or influencer who has significant knowledge in a specific field
"LABA"	long-acting β2-adrenergic receptor agonist, a class of bronchodilators that provide sustained bronchodilation by stimulating β2-adrenergic receptors in the airway smooth muscles. Commonly used in combination with ICS to enhance therapeutic effects and reduce the risk of asthma exacerbations
"LAMA"	long-acting anticholinergic bronchodilator, a class of bronchodilators that provide sustained bronchodilation by blocking muscarinic receptors in airway smooth muscles. Used as maintenance therapy in COPD and severe asthma
"MASH"	metabolic dysfunction-associated steatohepatitis, the liver manifestation of a metabolic disorder, and the most severe form of non-alcoholic fatty liver disease, previously known as non-alcoholic steatohepatitis (NASH)
"MDI"	metered dose inhaler, a handheld device that delivers a specific amount of medication to the lungs in the form of a short burst of aerosolized medicine. MDI typically uses a propellant to create the aerosol and require coordination between actuation and inhalation by the patient
"metabolic disease"	a kind of disorder that disrupts normal metabolism, the body's natural process of converting food into nutrients on a cellular level
"monotherapy"	therapy that uses a single drug to treat a disease or condition
"NDA"	new drug application
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局)
"NRDL"	the National Reimbursement Drug List, a list that names all the drugs covered by the medical insurance program in full or partially in China
"obesity"	a condition that refers to the abnormal or excessive fat accumulation in the body
"oncology"	a branch of medicine that deals with tumors, including the study of their development, diagnosis, treatment, and prevention
"overweight"	a condition that refers to an excess body weight relative to height
"PCC"	preclinical candidate compound, a drug candidate that has completed initial laboratory testing and is ready for preclinical studies to evaluate safety and efficacy
"pharmacodynamics" or "PD"	the study of a drug's molecular, biochemical, and physiologic effects or actions

GLOSSARY OF TECHNICAL TERMS

"pharmacokinetics" or "PK"	a measurement of how fast and how completely the drug is absorbed into animal or human body, and the distribution, metabolism, and excretion of drugs in animal or human body
"phase 1 clinical trial"	a study in which a drug is introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and if possible, to gain an early indication of its effectiveness
"phase 2 clinical trial"	a study in which a drug is administered to a limited patient population to identify possible adverse effects and safety risks, preliminarily evaluate the efficacy of the product for specific targeted diseases, and determine dosage tolerance and optimal dosage
"phase 3 clinical trial"	a study in which a drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to provide adequate information for the product's labeling
"placebo"	an inactive substance, treatment, or procedure designed to look and be administered exactly like the active experimental treatment but without any therapeutic value
"SMI"	soft mist inhaler, an advanced inhalation device designed to deliver medication in a gentle, slow-moving mist form. Unlike traditional pressurized MDIs, SMIs do not use propellants
"T2DM"	type 2 diabetes, a form of diabetes characterized by high blood sugar, insulin resistance and relative lack of insulin; the pancreas in T2DM patient makes less insulin, and the body becomes resistant to insulin
"TSLP"	thymic stromal lymphopoietin, a cytokine that plays a key role across the spectrum of asthma inflammation
"VBP"	volume-based procurement, a set of drug procurement regulations implemented in China with the goal of promoting generic substitutes and lowering the price of medications that have outlived their exclusivity periods
"WHO"	World Health Organization, a specialized agency of the United Nations that aims to promote global health, coordinate international health efforts, and address public health challenges worldwide

FORWARD-LOOKING STATEMENTS

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

This document contains certain forward-looking statements and information relating to 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 document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "might," "ought to," "plan," "potential," "predict," "project," "seek," "should," "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 other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following: (i) the market opportunities of our products; (ii) our ability to attract and retain senior management and key employees; (iii) our operations and business prospects; (iv) our business strategies and plans to achieve these strategies; (v) industry trends and competition; (vi) general economic, political and business conditions in the industries and markets in which we operate; (vii) relevant government policies and regulations relating to our industry, business and corporate structure; (viii) our ability to maintain good relationships with business partners; (ix) our ability to control costs and expenses; (x) our ability to defend our intellectual rights and protect confidentiality; (xi) our dividend policy; (xii) changes or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; (xiii) capital market developments; (xiv) the actions and developments of our competitors; (xv) changes to regulatory and operating conditions in the industry and markets in which we operate; (xvi) all other risks and uncertainties described in the section headed "Risk Factors" in this document; and (xvii) other statements in this document that are not historical facts.

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

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

An [REDACTED] in our H Shares involves various risks. You should carefully consider all the information in this document and in particular the risks and uncertainties described below before making an [REDACTED] in our H Shares. The information given is also subject to the cautionary statements in "Forward-Looking Statements." The following is a description of what we consider to be our material risks.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the [REDACTED] of our H Shares could decline and you may lose all or part of your [REDACTED]. You should seek professional advice from your relevant advisors regarding your prospective [REDACTED] in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors. If we are unable to maintain the sales volume, pricing levels and profit margins of our products, our profitability could be adversely affected.

The development and commercialization of pharmaceutical products is highly competitive, we may not be able to compete effectively against current and future competitors on the basis of efficacy, safety, price or general market acceptance.

During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. Before we generate revenue from the commercialization of our drug candidates, we expect that our revenue will continue to be concentrated in a limited number of marketed generic drug products and APIs/intermediates in the near future. The sales volumes, pricing levels and profitability of our products may be adversely affected by various factors, many of which are beyond our control, including: (i) exclusion from, or reduced coverage under, the national or other government-sponsored medical insurance programs; (ii) the impact of government pricing regulations, such as volume-based procurement; (iii) competition and lack of success in the centralized procurement process necessary for sales to public hospitals and other public medical institutions; (iv) sales of substitute products by competitors; (v) interruptions in the supply of raw materials, increases in the cost of raw materials; (vi) issues with product quality or side effects; (vii) intellectual property infringements; (viii) adverse changes in our sales and distribution network; and (ix) unfavorable policy, regulatory or enforcement changes. Failure to maintain the sales volume, pricing levels and profit margins of our marketed products could materially and adversely affect our business, financial condition and results of operations, which could hinder our ability to invest in and develop new products, thereby affecting our long-term growth prospects.

Our competitors primarily include large domestic and international pharmaceutical companies, as well as emerging biopharmaceutical companies, who may currently market and sell drugs or are pursuing the development of drugs for the treatment of the same indications as ours. Some of these competitors have greater financial, technology and other resources than us. Although we have established leading market positions in certain product categories, the presence of numerous competitors may exert continued downward pressure on pricing and erode our market share, which could materially and adversely affect our business, financial condition and results of operations. During the Track Record Period, micafungin sodium and oseltamivir phosphate were among our major marketed products and revenue contributors, both being generic drug products and therefore subject to significant market competition. As of the Latest Practicable Date, over 50 generic versions of oseltamivir phosphate and over 15 generic versions of micafungin sodium had been launched globally. According to CIC, in 2025, we held a 2.7% share of the global oseltamivir phosphate API and intermediate market and captured approximately 33.3% of the global market share for micafungin sodium APIs and intermediates. Furthermore, the competitive landscapes of our target

markets are constantly evolving with the emergence of next-generation technologies and therapeutic approaches, which could drive the development of superior treatment options. We cannot guarantee that our marketed products and drug candidates, upon their commercialization, will compete effectively in this market environment, and their lack of competitiveness could result in the decrease of sales and loss of market share. The competitive dynamics of our product markets have contributed to, and may continue to contribute to, fluctuations in our revenue, gross profit margin and profitability.

Our commercial opportunities could be significantly reduced or even eliminated if our competitors develop and commercialize drugs that are safer, more effective, more convenient, or less expensive than our marketed products or drug candidates. Our competitors also may obtain approval from the NMPA or other comparable regulatory authorities for their drugs more rapidly than we can, potentially establishing a strong competitive position before our market entry. They may render our drug candidates obsolete or non-competitive before we can recover expenses of developing and commercializing any of our product candidates. Furthermore, there may also be consolidation in the pharmaceutical industry among our competitors, or alliances among competitors that may rapidly acquire significant market share. Through collaborative arrangements with large and established companies, smaller or early-stage biopharmaceutical companies may also prove to be significant competitors. If we fail to effectively compete with our competitors or adjust to structural changes in the pharmaceutical industry, our revenue and profitability may be materially and adversely affected.

Substantially all of our revenue during the Track Record Period was derived from generic drug products, and there is no assurance that our strategic transition to innovative drug development will be successfully implemented.

We pursue a business model in which innovative drug research and development is our strategic priority, supported by a portfolio of marketed generic drug products. Our generics portfolio provides the revenue base that funds our R&D initiatives, and we intend to progressively increase our focus on innovative drug development over time. However, there can be no assurance that this strategy will be successfully implemented or that it will yield the results we expect. Our innovative drug candidates are at various stages of development and may not obtain regulatory approval on the timelines we anticipate, or at all, and even if approved, may not achieve the level of market acceptance or commercial success necessary to justify our R&D investment. At the same time, our generics portfolio, which provided the substantial majority of our revenue during the Track Record Period, may come under pressure from increasing competition, pricing reforms, or volume-based procurement policies in China, any of which could reduce the revenue available to sustain our operations and fund our R&D initiatives, requiring us to slow, scale back, or reprioritize our innovative drug development activities.

The successful transition from a generics-focused to an innovative pharmaceutical company requires capabilities that extend beyond drug development, including the regulatory expertise, medical affairs infrastructure, commercial capabilities, and market access strategies for novel therapies. We are continuously establishing certain of these capabilities, and there is no assurance that we will be able to do so in a timely or cost-effective manner, or that we will be able to attract and retain the specialized talent required. Furthermore, our business model is premised on synergies between our generics and innovative drug portfolios, including shared technology platforms and R&D infrastructure. If these synergies do not materialize to the extent we expect, or if the demands of our innovative drug programs divert resources and management attention from our generics business, both segments of our business could be adversely affected. If we are unable to successfully execute our strategic transition, our business, financial condition, results of operations, and prospects could be materially and adversely affected.

Pricing regulations or other policies such as volume-based procurement that are intended to reduce healthcare costs could subject us to pricing and volume pressures and adversely affect our operations, revenue and profitability.

During the Track Record Period, a substantial majority of our revenue generated from the sales of finished dose generic products was derived from China. The PRC government may reform the schemes of pricing oversight and statutory tender processes for pharmaceutical products or revise other policies affecting prices of pharmaceutical products over time. In November 2018, the national pilot program for volume-based procurement (the "**VBP**") scheme with minimum procurement quantities was launched in 11 cities in China, which has been extended nationwide since 2019. The initiative aims to secure larger quantities of pharmaceutical products at lower prices and thus may potentially impact how drugs are priced and procured in China. See "Regulatory Overview — Overview of Laws and Regulations in the PRC — National Centralized Procurement Program and Tendering Procedures" for details.

For the years ended December 31, 2023, 2024 and 2025, three, one and one of our marketed finished drug products, respectively, participated in national VBP tenders. We secured bids for two products in 2023 and the one product tendered in each of 2024 and 2025, achieving selection rates of 66.7%, 100.0% and 100.0%, respectively. As of December 31, 2025, five of our marketed finished drug products had been included in national VBP schemes. Revenue from these products sold pursuant to the implementation of national VBP schemes amounted to amounted to RMB62.3 million, RMB77.5 million and RMB83.9 million for the years ended December 31, 2023, 2024 and 2025, representing 5.4%, 6.2% and 7.0% of our total revenue, respectively. See "Business — Pricing — VBP Schemes" for details. The VBP schemes, while enabling larger sales volumes, exert downward pressure on our product pricing to win bids and influence the prices at which we sell our products to our customers, thus potentially affecting our revenue and profitability. In addition, for our sales of APIs and intermediates, the inclusion of our customers' products under the VBP schemes may also have a material impact on our business performance. The VBP schemes, while enabling larger sales volumes, exert downward pressure on our product pricing to win bids and influence the prices at which we sell our products to customers, thus potentially affecting our revenue and profitability.

In addition, VBP schemes are implemented through periodic procurement cycles. We cannot accurately predict if more or fewer of our marketed products will be included in such schemes in the future. If our competitors win the bid under such schemes while we fail to do so, demand for our products may decrease, which could adversely affect our procurement volumes through public hospitals and our market penetration. Moreover, even if our products win the bid, there may be discrepancies between the estimated procurement volumes set out in the tender documents and the actual procurement volumes. Consequently, there are uncertainties regarding the impact of the implementation of the VBP schemes on the sales volume and revenue of the winning products.

National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects.

Insurance coverage is a critical factor in a patient's ability to afford treatments, and without it, the demand for our products could diminish. If a pharmaceutical product is covered by medical insurance, whether provided by the government or a private entity, patients may be entitled to reimbursement for all or a portion of the cost. Consequently, the inclusion or exclusion of a pharmaceutical product in or from insurance program such as the NRDL or other government-sponsored medical insurance programs in China will significantly affect patient demand. As of December 31, 2025, nine of our marketed finished drug products sold in China were included in the NRDL. Revenue recognized from sales of the relevant products following their NRDL inclusion amounted to RMB118.9 million, RMB144.3 million and RMB160.8 million in 2023, 2024 and 2025, respectively, representing 10.2%, 11.5% and 13.4% of our total revenue for the corresponding years. 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. There can be no assurance that any of our products will remain in or be added to the NRDL. If we were to successfully launch commercial sales of our products but fail in our efforts to have our products included in the NRDL, our revenue from the sales of approved products would be highly dependent on patient self-payment, which can make our products less attractive. Patients may choose other products with similar efficacy but lower price which have been included in the NRDL.

Moreover, the PRC government authorities may also, from time to time, review and revise, or change the scope of reimbursement for, the products that were previously covered. Therefore, 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. Even if the government authorities were to accept our application for the inclusion of products in the catalog, our potential revenue from the sales of these products could still decline as we may be required to significantly lower their prices to secure such inclusion.

Our future approved drugs may be subject to downward pricing pressure arising from VBP schemes and national reimbursement drug listing requirements.

We expect to commercialize additional generic and innovative drug candidates in China in the foreseeable future. Certain products currently available in the market for the same or similar indications as such drug candidates may already have been included in national or regional VBP schemes or the NRDL. As a result, our future products may face direct or indirect downward pricing pressure at launch or after commercialization, even before they are themselves included in any such schemes, as existing VBP or reimbursement outcomes may establish pricing benchmarks and influence hospital procurement decisions, physician prescribing preferences and patient affordability expectations. For our finished drug products that are not yet included under the VBP schemes, such as eribulin mesylate and budesonide suspension for inhalation, if they become subject to VBP schemes, we may be required to offer significantly reduced prices to participate in or win VBP tenders, and there can be no assurance that any increased sales volume would offset reduced prices. For our innovative drug candidates, if we seek NRDL inclusion, we may need to accept substantial price reductions or other reimbursement terms, and if competing products are already included in the NRDL, our products may be at a competitive disadvantage in hospital access and physician adoption if they are not similarly included or are included on less favorable terms.

We derived the majority of our revenue during the Track Record Period from the sales of APIs and intermediates, which may experience fluctuations that could affect our results of operations.

We derived the majority of our revenue from sales of our APIs and intermediates during the Track Record Period. If we are unable to maintain the sales volumes, pricing levels or profit margins of these products, our revenue and profitability could be adversely affected. Sales of our APIs and intermediates accounted for 81.4%, 83.5% and 80.9% of our total revenue for the years ended December 31, 2023, 2024 and 2025, respectively. We expect that sales of APIs and intermediates will continue to comprise a substantial portion of our total revenue in the near future. Any reduction in sales or profit margins of APIs and intermediates could therefore have a direct adverse impact on our business, financial condition and results of operations. Sales of APIs and intermediates may fluctuate due to various factors, including changes in government pricing and procurement policies affecting our downstream customers, variations in customer demand, intensified market competition, fluctuations in the prices of raw materials, disruptions to manufacturing or logistics, and product quality or compliance issues, all of which could lead to revenue and profitability volatility and materially affect our overall operating performance.

Our marketed products and drug candidates approved in the future may fail to achieve or maintain the degree of market acceptance by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community necessary for commercial success, and the actual market size of our product candidates could be smaller than expected.

The commercial success of our products is highly dependent on their continued market acceptance among patients, healthcare practitioners, and others in the medical community. We believe that the market acceptance of our products and drug candidates depends on many factors, including: (i) the perceived advantages of our products over competing products and the availability and success of competing products; (ii) the safety and efficacy of our products; (iii) the pricing, cost effectiveness and patient switching costs of our products; (iv) the effectiveness of our sales and marketing efforts; (v) publicity concerning our products or competing products; and (vi) 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 other government-sponsored medical insurance programs. See also "— National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects." If our products fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are more cost-effective or are received more favorably by physicians, medical institutions, pharmacies, patients, third-party payers and others in the medical community, 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 these unfavorable developments could adversely affect our business, financial condition and results of operations.

We may not be able to accurately predict the safety profile of our marketed products and drug candidates. If our marketed products and drug candidates cause, or are perceived to cause, severe side effects, our operations, results of operations and business prospects could be adversely affected.

We may experience unexpected safety issues in new patient populations or new indications. For instance, the same drug could have different effects on patients with different physical conditions or on other medications, and the corresponding reactions could be unpredictable. In addition, we may not be able to accurately predict how the products we sell or drug candidates we develop or market will interact with other drugs, including causing possible adverse side effects not directly attributable to each drug used as a monotherapy that could compromise the safety profile of these drugs when used in combination therapies. Safety issues associated with our products could lead to product liability claims, increased regulatory scrutiny and additional requirements such as revised labeling, product withdrawals, or fines and penalties. The dissemination of adverse safety events involving our products or products similar to ours, and public perception about such events, could undermine confidence in our products and harm our reputation. Any of the foregoing may result in liabilities, loss of revenue, material write-offs of inventory, and other adverse impacts on our business, financial condition and results of operations.

Negative results from off-label use of our existing and future products could harm our business reputation, product brand and sales, and expose us to liability.

Pharmaceutical products may be subject to off-label use, which involves the use of a product for an indication, dose or dosage form that differs from the approved labeling. Certain drug classes, such as GLP-1 receptor agonists, may be particularly vulnerable to off-label use due to their potential application across multiple therapeutic areas and populations. While the NMPA, the FDA and other regulatory authorities actively enforce regulations prohibiting the promotion of off-label use, our products may still be prescribed for unapproved patient populations, doses or dosage forms. Such off-label use could make our products less effective or cause adverse events. This could

generate negative publicity and materially affect our reputation, product brand and operations. Off-label use may also expose us to legal liability, reduce sales of our marketed products, or delay our clinical trials or prevent regulatory approval of drug candidates.

We rely on our distribution network to sell and distribute our drugs, and if we fail to maintain, manage and expand our distribution network, our business could be adversely affected.

Our ability to maintain and grow our sales depends on our ability to manage, expand and optimize distribution channels. Consistent with industry practice, during the Track Record Period, we sold our products either by ourselves or through distributors in China. For the years ended December 31, 2023, 2024 and 2025, we generated 33.6%, 45.0% and 46.2% of our total revenue through sales to distributors, respectively. To the best knowledge of our Directors, all our distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties. See "Business — Sales and Marketing" for details. In addition, during the Track Record Period, to the extent permissible under the two-invoice system, we do not prohibit our regional distributors to engage sub-distributors for products sold to pharmacies and private medical institutions. Non-compliance by any of our distributors or sub-distributors may adversely affect the sales and distribution of our products. Nor can we guarantee their continuous compliance with our sales policies or prevent potential competition among them for market share of our products.

Failure by these distributors and sub-distributors to sell our products efficiently, manage inventory appropriately, or adhere to our pricing and marketing strategies could disrupt our commercial operations and sales performance. Specifically, any actual or alleged violation or noncompliance by our distributors of the distribution agreements, our internal policies or any applicable laws and regulations could result in the erosion of our goodwill, expose us to liabilities, disrupt our distribution network and create an unfavorable public perception about the quality of our products. In line with industry practice in China, we typically enter into distribution agreements with our distributors for a prescribed term. See "Business — Sales and Marketing — Sales Channels — Distributors" for details. Our distributors may elect not to renew their distribution agreements with us or otherwise terminate their business relationships with us or reduce their purchases of our products for various reasons, including if the pricing regulations or other factors substantially affect their profitability. In addition, we may not be able to establish business relationships with new distributors to support the continued growth of our business. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations.

If we are unable to maintain a qualified sales force or effectively promote our drug products, our business and results of operations could be adversely affected.

Successful sales and marketing efforts are crucial for us. Our ability to attract, motivate and retain a sufficient number of qualified sales professionals is key to our success. Given the intense competition for experienced commercial talent in the pharmaceutical industry, any failure to maintain an effective sales force could limit our ability to achieve targeted sales volumes, expand hospital coverage, or grow market share as planned. Our sales and marketing efforts include raising awareness and knowledge of our marketed products and drug candidates among medical professionals, hospitals, other medical institutions and pharmacies. Therefore, our sales and marketing force must possess adequate technical knowledge, up-to-date understanding of industry trends, necessary expertise in the relevant therapeutic areas and products, as well as sufficient promotion and communication skills. If we are unable to effectively train and develop our in-house sales force, our sales and marketing may be less successful than desired. See "Business — Sales and Marketing" for details.

Illegal and/or parallel imports and counterfeit pharmaceutical products may reduce demand for our existing and future products and could have a negative impact on our reputation and business.

The illegal importation of competing products from countries where government pricing oversights or other market dynamics result in lower prices may adversely affect the demand for our existing and future products and, in turn, may adversely affect our sales and profitability in

jurisdictions where we sell our products. Cross-border imports from lower-priced markets (which are known as parallel imports) into higher-priced markets could harm sales of our existing and future products and exert commercial pressure on pricing within one or more markets. Furthermore, certain pharmaceutical products distributed or sold may be manufactured without proper licenses or approvals, or be fraudulently mislabeled with respect to their content or manufacturers, commonly referred to as counterfeit pharmaceutical products, and enforcement system, particularly in developing markets, may be inadequate to discourage or eliminate the manufacturing and sale. Since counterfeit pharmaceutical products often resemble the authentic pharmaceutical products but are generally sold at lower prices, counterfeits could adversely affect the demand for our products. The distribution of counterfeit or unauthorized pharmaceutical products poses significant risks, including potential harm to patients, product liability exposure, regulatory investigations, and reputational damage, which in turn affects our business, financial position and results of operations.

RISKS RELATING TO THE DEVELOPMENT OF OUR DRUG CANDIDATES

If we are unable to successfully complete clinical development, obtain regulatory approvals or achieve commercialization for our drug candidates, our business and prospects could be materially and adversely affected.

Our future revenue and profitability are dependent on our ability to complete the development of our drug candidates, obtain the requisite regulatory approvals, and successfully manufacture and commercialize our drug candidates.

As of the Latest Practicable Date, we had six major innovative drug candidates in our pipeline. See "Business — Our Product Portfolio" for details. Notably, BGM0504, our lead innovative drug candidate — a dual agonist of GLP-1 and GIP receptors targeting major metabolic diseases including T2DM and obesity/overweight — is currently in Phase 3 trials in China, with parallel overseas clinical development underway, including the completion of bridging study in the U.S. In recent years, the GLP-1 receptor agonist market has emerged as one of the most competitive and rapidly evolving sectors in pharmaceutical development, driven by unprecedented demand for effective diabetes and obesity/overweight treatments. See also "Industry Overview — Overview of the Global and China Metabolic Disease Market — Overview of GLP-1 Therapies." As a result, we face intense competition from existing products and drug candidates under development for the treatment of T2DM, obesity/overweight and other related diseases.

If we fail to achieve the anticipated development, regulatory and commercial milestones for one or more of our drug candidates, our business and prospects could be adversely affected. Our drug candidates, given their novelty and differentiated features, may carry inherent development risks that could result in delays in clinical development, regulatory approvals or commercialization. Such setbacks may require additional technical, human, and financial resources to resolve, potentially resulting in cost overrun, or even leading to the suspension or discontinuation of the process. If competitors advance similar products ahead of us due to these delays, our ability to successfully commercialize our candidates could be significantly impaired. This may have a material and adverse effect on future profits generated from our drug candidates, which in turn affects our competitive position, business, financial condition and results of operations.

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

The clinical development process of pharmaceutical products is capital-intensive, time-consuming and inherently uncertain. We may encounter unexpected difficulties while executing our clinical development plans for our drug candidates, which could necessitate adjustments to our resource allocation strategy and clinical development plans. Failure may occur at any time or stage during the clinical development process, including: (i) regulators or ethics committees refusing authorization for trials or specific sites; (ii) the need to amend, suspend, or

terminate trials due to safety risks or lack of efficacy; (iii) difficulties in negotiating agreements with CROs and trial sites; (iv) intellectual property disputes or failure to secure protection; (v) manufacturing issues, such as CDMO negotiations or supply shortages; and (vi) insufficient or slower patient enrollment or high dropout rates.

Furthermore, the results of preclinical studies and early clinical trials may not be predictive of the success of later-phase clinical trials, and favorable initial or interim results of a clinical trial do not necessarily indicate the success of final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy traits 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, such as differences in the size and demographics of the enrolled patients, their adherence to the treatment regimen and pre-existing medical conditions, and differences in the number of clinical trial sites and regions involved.

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 clinical trials, regulatory approvals and commencement of commercialization of our drug candidates. See also "— Risks Relating to Government Regulations — The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are time-consuming and uncertain. If we are unable to obtain timely regulatory approvals for our drug candidates in the target markets, our business may be subject to actual or perceived harm."

We face intense competition and rapid technological change, and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours, which may adversely affect our financial condition and our ability to successfully commercialize our drug candidates.

The pharmaceutical industry in which we operate is highly competitive and rapidly evolving, driven by continuous technological innovation and evolving treatment paradigms. See also "— Risks Relating to Our Business and Industry — We operate in a highly competitive environment, and we may not be able to compete effectively against current and future competitors. If we are unable to maintain the sales volume, pricing levels and profit margins of our products, our profitability could be adversely affected."

Disruptive technologies and medical breakthroughs continue to emerge, accelerating innovation and intensifying competition. These advances could render our current drug candidates or underlying platforms obsolete or significantly less competitive. Our competitors may succeed in developing competing drugs and obtaining regulatory approvals before us or may develop and commercialize drug candidates with differentiated mechanisms of action, better efficacy, more favorable safety profiles, or greater market acceptance compared to our drug products. Failure to stay ahead of emerging technologies or to effectively differentiate our products from those of our competitors may result in the loss of market opportunities, erosion of our competitive position, and adverse impact on our business, financial condition and future prospects.

We cannot assure you that we will be able to effectively identify or discover new drug candidates, or to expand the therapeutic opportunities for our drug candidates.

A substantial amount of our effort will focus on the continued clinical testing, potential regulatory approval, and commercialization of our existing drug candidates. At the same time, the success of our business also depends in part upon our ability to identify or discover new drug candidates and explore additional therapeutic opportunities for our drug candidates.

However, there can be no assurance that our efforts in discovering and developing new drug candidates will yield successful results. We have developed proprietary technology platforms that we believe will continue to facilitate the development of new drug candidates and enrich our pipeline, see "Business — Technology Platforms" for details. However, research programs aimed at discovering and developing new drug candidates require substantial technical, financial, and human resources. We may direct our efforts and resources on programs or drug candidates that ultimately prove to be unsuccessful for a number of reasons, including (i) the research methodologies employed may not effectively identify viable indications or drug candidates, (ii) potential drug candidates may, upon further study, exhibit adverse effects or other characteristics that limit or preclude the expected therapeutic benefits, and (iii) the substantial resources required to identify additional therapeutic opportunities or develop suitable drug candidates may not be justified by the potential returns, thereby limiting our ability to diversify and expand our product portfolio.

We may not achieve successful outcomes from our substantial investments in research and development, and may fail to capitalize on more promising opportunities due to resource allocation decisions.

The global biopharmaceutical market is constantly evolving, requiring us to continuously invest significant human and financial resources to advance our product pipeline and enhance our technology platforms. For example, we incurred research and development expenses of RMB248.6 million, RMB297.5 million and RMB304.9 million for the years ended December 31, 2023, 2024 and 2025, respectively. Such continuous investments in research and development have affected, and are expected to continue to affect, our financial performance. Despite these substantial investments, we may not be able to successfully develop or commercialize new technologies or drug candidates in a timely or cost-effective manner, or secure adequate intellectual property protection. Failure to achieve expected outcomes could render our prior efforts obsolete and negatively affect our competitiveness.

Given these resource constraints and development uncertainties, we prioritize research programs and drug candidates targeting selected indications within our product pipeline as part of our strategic focus and resource planning and may forgo or delay pursuing opportunities related to other drug candidates or for other indications that may later prove to have greater commercial potential or a greater likelihood of success. Such resource allocation decisions may prevent us from capitalizing on viable commercial products or profitable market opportunities, result in impairment losses on related intangible assets, or otherwise negatively affect our financial condition and results of operations. If our current pipeline priorities do not yield the anticipated outcomes, we may need to adjust our resource allocation strategy and clinical development plans. Furthermore, if we do not accurately evaluate the commercial potential or target market for a particular drug candidate, we could potentially relinquish valuable rights to that drug candidate through suboptimal collaboration or licensing arrangements, or inefficiently allocate internal resources where collaboration would have been more cost-effective, either of which could 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 in a timely manner. Inadequate enrollment or delays in enrollment could result in significant delays in our clinical trials, prolonging timelines for data readouts or regulatory submissions, and increasing overall development costs. In addition, some of our competitors may have ongoing clinical trials for drug candidates targeting the same indications as ours. As a result, subjects who would otherwise meet the applicable criteria set out in our protocol may instead enroll in our competitors' trials, which may further delay our clinical trial enrollments.

Subject enrollment for our clinical trials may be affected by a variety of factors, including: (i) the size and nature of the patient population and disease severity; (ii) trial eligibility criteria and study design; (iii) the availability and competence of clinical sites and investigators; (iv) patient consent and perceptions of the drug versus other therapies; (v) physician referral practices; and (vi) external disruptions such as health epidemics or natural disasters. The complexity and severity of the diseases under investigation may further exacerbate enrollment difficulties. These factors significantly complicate subject recruitment and retention, which could potentially hinder the overall clinical trial progress. Even if we are able to recruit a sufficient number of eligible subjects for our clinical trials, any delays or difficulties encountered during the enrollment process could adversely impact our clinical development progress, resulting in increased costs, obstacles to trial completion, and disrupted timelines for planned trials, all of which would hinder our ability to advance 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 or a more restrictive label of our drug candidates, a delay or denial of regulatory approval by the NMPA, the FDA or other comparable regulatory authorities, or a significant change in our clinical protocol or even our development plan. Results of clinical trials involving 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 by the NMPA, the FDA or other comparable regulatory authorities, who could also 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, it may lead to potentially significant negative consequences, including (i) withdrawal of approvals, license revocation, or marketing suspension; (ii) additional label warnings, restrictions, or the imposition of risk mitigation strategies; (iii) stricter inspections, changes to administration methods, or mandatory post-marketing studies; (iv) litigation and liability for patient harm; and (v) reputational damage.

Further, combination therapy involving our drug candidates and third-party agents may give rise to AEs, some of which could be exacerbated compared with AEs from monotherapies. Any of these events could prevent us or our collaboration partners from achieving or maintaining market acceptance of any approved drug candidate and could significantly harm our business, financial condition, results of operations and prospects.

Interim, top-line and preliminary data from our clinical trials that we announce or publish from time to time are subject to change.

From time to time, we may publicly disclose top-line or preliminary data from our preclinical studies and clinical trials, which is based on initial analysis of available data at the time. The related findings and conclusions remain subject to changes upon a more thorough and comprehensive review. As our analyses proceed, we may make assumptions, estimations, calculations and conclusions without having had the opportunity to fully assess all relevant data. Consequently, the top-line or preliminary results we disclose may differ from future results of the same studies, or additional data and full evaluations may lead to different interpretations or modify earlier conclusions. Furthermore, top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. Accordingly, such top-line data should be interpreted and viewed with caution until the final, validated results are available.

Interim data from clinical trials we may complete are subject to the risks that one or more clinical outcomes could change materially as subject enrollment progresses and additional participant data become available. Adverse discrepancies between preliminary or interim data and final data could significantly harm our business prospects. Moreover, the disclosure of interim data by us or our competitors could lead to volatility in the price of our Shares after the [REDACTED].

In addition, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses, or may interpret or weigh the importance of data differently, which could impact the perceived value, likelihood for approval, and commercial potential 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.

There can be no assurance that the regulatory authorities will consider granting Fast Track Designation, Breakthrough Therapy Designation or other expedited review programs for our 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. In addition, expedited registration pathways may contain certain conditions related to use restrictions for certain patient populations, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. Any failure to obtain accelerated approvals or any other form of expedited development, review or approvals for our drug candidates and/or any future changes to current policies and approvals with respect to the expedited registration pathways of 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.

RISKS RELATING TO OUR FINANCIAL POSITION AND NEED FOR ADDITIONAL CAPITAL

Our historical financial performance may not be indicative of our future performance. We cannot guarantee that we will be able to maintain profitability in the future.

We recorded revenue of RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million for the years ended December 31, 2023, 2024 and 2025, respectively. During the same periods, our profit for the year amounted to RMB173.4 million, RMB141.3 million and RMB37.0 million, respectively. Our historical financial performance may not be indicative of our future performance. Projecting or estimating future financial performance based solely on past data carries inherent risk, as it reflects

conditions that may no longer apply. The continued growth of our business depends on our ability to effectively manage and scale our operations while maintaining operational efficiency and financial stability.

Our revenue, expenses and operating results may be subject to period-to-period fluctuations driven by various factors beyond our control, such as market conditions in China's pharmaceutical industry. In addition, our financial and operating results may not meet the expectations of [REDACTED] market analysts or [REDACTED] in the future, potentially causing our share price to decline. Consequently, there can be no assurance that our future revenue will increase or that we will be able to maintain profitability. [REDACTED] should not rely on our historical results as an indicator of our future financial or operating performance.

We may need to obtain substantial additional financing to fund our operations and expansion, and we cannot assure you that we will be able to obtain such financing on favorable terms or in a timely manner.

During the Track Record Period, we funded our operations and other capital requirements primarily through cash generated from our operations and bank borrowings. We expect to continue incurring significant costs and expenses to drive our R&D activities, particularly as we advance the development of our drug candidates, including conducting clinical trials of, and seek regulatory approval for, existing and future drug candidates. In addition, we expect to incur significant expenses relating to the manufacturing, marketing, sales and distribution of our marketed products, including fulfilling post-approval obligations to monitor the efficacy and safety of these products. We may also incur further costs as we enhance our overall capabilities to operate as a public company. Consequently, we may need to secure substantial additional funding in connection with our continuing operations.

We expect to fund our future operations primarily with our cash on hand, cash generated from operating activities, bank borrowings, and [REDACTED] from the [REDACTED]. Should we fail to generate sufficient cash flow for our operations or secure adequate external funds, our liquidity and financial health could be affected, which may in turn constrain business expansion. In addition, any alternative financing may involve higher costs, uncertain availability, or unfavorable terms. Such limitations may heighten our vulnerability to adverse economic and industry conditions, which could adversely affect our financial condition and results of operations.

Fair value changes and credit risk associated with our financial assets measured at FVTPL could adversely affect our results of operations and financial condition.

As of December 31, 2023, 2024 and 2025, we recorded financial assets at FVTPL of RMB322.3 million, RMB311.8 million and RMB435.1 million, respectively. Our financial assets at FVTPL during the Track Record Period represented wealth management products and other unlisted investments at fair value. We may continue to make such instruments as part of our cash management and treasury measures, thereby exposing us to fair value fluctuations in these FVTPL financial assets.

We cannot assure you that we will recognize comparable fair value gains in the future, and we may, on the contrary, recognize fair value losses, which would affect our result of operations for future periods. In addition, the valuation of financial assets at FVTPL is subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the application of certain bases, assumptions and unobservable inputs, which are inherently subjective and uncertain. As such, these valuations have been, and will continue to be, subject to estimation uncertainties, which may not reflect the actual fair value of these financial assets and could lead to fluctuations in periodic profits or losses.

We are subject to credit risk in relation to our trade and bills receivables.

We are subject to credit risk in relation to our trade and bills receivables. As of December 31, 2023, 2024 and 2025, we had trade and bills receivables of RMB308.9 million, RMB339.5 million and RMB330.0 million, respectively. There is no assurance that we will be able to collect our trade and bills receivables in a timely manner, or at all. If any of our customers faces unexpected situations, such as financial difficulties or deterioration in creditworthiness, there may be challenges in collecting all or part of our receivables from them, and enforcing judgments against them, even if successfully obtained, could be difficult. Such unforeseen circumstances may also render our accounting judgments or estimations on impairment inaccurate, potentially resulting in higher losses than currently estimated. As a result of these factors, our profitability, working capital and cash flow may be adversely affected.

Share-based payments may impact our financial performance and cause shareholding dilution to our existing Shareholders.

We incurred equity-settled share-based payment expenses of nil and RMB6.3 million for the years ended December 31, 2024 and 2025, respectively, and recorded a reversal of RMB4.6 million for the year ended December 31, 2023. We consider the granting of share-based compensation to be of substantial significance to our ability to attract and retain key personnel and employees, and we may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based payments may increase, which could affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective employee incentive plan from time to time. Any such reassessments could result in material fluctuation in our share-based payments in the reporting periods following this [REDACTED]. Moreover, the issuance of additional Shares with respect to such share-based payments could also dilute the shareholding of our existing Shareholders.

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 Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an independent property valuer, set out as Appendix III to this document with respect to the appraised values of our properties is based on various assumptions, which are inherently subjective and uncertain and may differ from actual results. The assumptions used by JLL in the property valuation report include that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests. Certain of the assumptions used by JLL in reaching the appraised value of our properties 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 properties. As a result, the appraised value of our properties may differ materially from the price we could obtain in an actual market sale of the properties and should not be taken as their actual realizable value or an estimation of their realizable value. You should not place undue reliance on such values attributable to these properties as appraised by JLL.

If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

As of December 31, 2023, 2024 and 2025, we had intangible assets of RMB33.5 million, RMB41.3 million and RMB315.7 million, respectively. The value of intangible assets is based on a number of assumptions made by the management. If any of these assumptions fail to materialize, or if the performance of our business deviates from such assumptions, we may be required to have a significant write-off of our intangible assets and record a significant impairment loss. Furthermore, subsequent to initial recognition, we assess whether these intangible assets are impaired at the end of each reporting period when events or changes in circumstance indicate that the carrying amount of

these assets may exceed their recoverable amount. Should the carrying amount exceeds its recoverable amount, our intangible assets could be deemed impaired. Any such impairment could have an adverse effect on our business, financial condition and results of operations.

We benefit from certain government grants and preferential tax treatments, which may be subject to discontinuation or changes.

We recorded government grants income amounting to RMB30.1 million, RMB29.8 million and RMB38.5 million for the years ended December 31, 2023, 2024 and 2025, respectively. These government grants primarily represent subsidies received from the local governments for expenses arising from research and development activities, rewards for financial contribution and capital expenditure incurred on certain projects. We also enjoyed preferential tax treatment during the Track Record Period. See "Financial Information — Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income Items — Other Income and Gains" for details.

The government grants and preferential tax treatments we receive are subject to the discretion of relevant government authorities, who may reduce or eliminate such incentives at any time, generally with prospective effect. Given this inherent uncertainty, our net income in a particular period may fluctuate relative to other periods beyond those attributable to our underlying business performance or operational factors. Consequently, the discontinuation or changes of such government grants, preferential tax treatments, and other related financial incentives currently available to us could have an adverse effect on our financial condition, results of operations, cash flows and prospects.

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

The Renminbi has fluctuated against the Hong Kong dollar and U.S. dollar. The value of Renminbi against the U.S. dollar and other currencies is affected by changes in political and economic conditions and by foreign exchange policies, among other things. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between Renminbi and the Hong Kong dollar or U.S. dollar in the future.

The [REDACTED] from the [REDACTED] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [REDACTED] from the [REDACTED]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. These factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

RISKS RELATING TO THE MANUFACTURING OF OUR DRUGS AND DRUG CANDIDATES

If we suffer substantial disruption to any of our manufacturing facilities, or encounter problems in manufacturing our marketed products and drug candidates, our business and results of operations could be adversely affected.

A substantial majority of our revenue has been, and in the near future will continue to be, generated by sales of products produced at our manufacturing facilities. See "Business — Manufacturing" for details. Manufacturing activities at these facilities could be substantially interrupted due to a range of factors, many of which are outside our control, including natural disasters, operational disruptions, security threats, land-related issues, and regulatory compliance issues. If the operation of any of our manufacturing facilities is severely disrupted, we may not be able to locate alternative facilities and equipment or a third-party contractor to continue our production in a legal, timely and cost-effective manner or at all. And in the event of a significant

disruption to any manufacturing facility, our insurance coverage may be insufficient to cover the resulting losses. We may also encounter other issues in manufacturing, due to a variety of reasons, including equipment malfunctions, deviations from established protocols and procedures, deficiencies in raw materials, and delays in constructing new facilities or the expanding existing ones.

Failure to maintain proper quality control or produce products that satisfy necessary quality standards could harm our business and reputation, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality standards. We cannot eliminate the risk of errors, defects or failure in our quality control system and procedures. We may fail to detect or cure quality defects as a result of a number of factors, including but not limited to: (i) manufacturing error or malfunction; (ii) human error or malfeasance; (iii) mishandling by third parties; and (iv) quality issues with the raw materials. Any significant failure or deterioration of our quality control, quality assurance protocol, or standard operating procedures could render our products non-compliant and cause other consequences that could seriously harm our reputation and relationship with business partners.

If we fail to increase our production capacity to meet the increasing demand for our drugs and future approved drugs, our business and prospects could be adversely affected.

We are currently expanding our manufacturing facilities and production lines, and may continue to do so in the future. See "Business — Manufacturing — Manufacturing Facilities" for details. The financing and completion of such expansion of the manufacturing facilities and production lines involves regulatory approvals and reviews by various government authorities. We cannot assure you that we will be able to obtain all of the required approvals, permits and licenses, and expansions in production capacity also may fail to meet the anticipated timetable, exceed budget, or result in underutilized production capacity post-completion.

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

Purchase of raw materials accounted for a significant portion of our total cost of sales during the Track Record Period. In order to manufacture our products, we must obtain sufficient quantities of high-quality raw materials at commercially acceptable prices and in a timely manner. During the Track Record Period, we primarily produced APIs for sales or used in our marketed products and drug candidates in-house. We also sourced from independent third parties certain APIs and other raw materials for our products. See "Business — Quality Management — Supply Chain Quality Control" for details. See also "— Risks Relating to Dependence on Third Parties — We engage third parties to provide a stable and adequate supply of raw materials, products and equipment for our development and manufacturing needs. Any interruptions of or significant price increases in such supply could adversely affect our business."

During the Track Record Period, we had not experienced material interruptions in our raw material supplies, However, we cannot guarantee that our suppliers will consistently provide sufficient quantities of raw materials of acceptable quality in the future. If they fail to do so, we may be unable to obtain substitute raw materials elsewhere in a timely manner, or at all. Furthermore, procurement from alternative suppliers could expose us to less favorable prices or materials of inferior quality. Any such potential interruption in our supply of raw materials could delay the production and delivery schedules of the relevant products, which may result in the loss of customers and revenue. In addition, the market prices of raw materials may be subject to significant fluctuations due to various factors. We cannot ensure our ability to pass on any increase in raw material costs to our customers, and any substantial fluctuation in market prices of raw materials may materially raise our costs and impair our profitability.

Failure to manage our inventory effectively could materially and adversely affect our results of operations and financial condition.

Our inventory primarily consists of raw materials, work in progress and finished goods. We have adopted a series of measures to regularly monitor our inventory. We maintain our inventory levels based on our internal forecasts which are inherently uncertain due to rapid changes in product life cycles, evolving clinical demands, uncertainty of product development and launch, as well as the economic volatility in the markets where we operate. Further, demand for products could change significantly between the time when the products are ordered and the time they are ready for delivery. As a result, there can be no assurance that we can accurately predict these trends and events and avoid overstocking or understocking our products.

As of December 31, 2023, 2024 and 2025, we had inventories of RMB344.6 million, RMB364.6 million and RMB364.3 million, respectively. For the years ended December 31, 2023, 2024 and 2025, our inventory turnover days were 236 days, 270 days and 256 days, respectively. See "Financial Information — Description of Certain Consolidated Statements of Financial Position Items — Inventories" for details. Excess inventory levels may increase our inventory holding costs, obsolescence risks or potential impairment loss. On the other hand, if our forecasted demand is lower than actual level, we may not be able to maintain an adequate inventory level of our products or manufacture our products in a timely manner, and may lose sales and market share to our competitors.

RISKS RELATING TO INTELLECTUAL PROPERTY RIGHTS

If we are unable to obtain and maintain patent and other intellectual property protection for our drugs and drug candidates, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties could develop and commercialize products and technologies similar or identical to ours and compete directly against us, and our ability to successfully commercialize our drug candidates may be adversely affected.

Our commercial success depends, to a certain extent, on our ability to protect our proprietary technology and drug candidates from competition by obtaining, maintaining, defending and enforcing our intellectual property rights, including patent rights. We seek to protect the technology and drug candidates that we consider commercially important primarily by filing patent applications in China, the U.S. and other countries or regions, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. See "Business — Intellectual Property" for details. The process of prosecution and maintenance is expensive and time-consuming, and we or our business partners may not be able to file and prosecute all necessary or desirable patent applications and secure other intellectual property protection in all jurisdictions in a timely manner. It is also possible that we or our business partners will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, we or our business partners may fail to timely identify third-party infringement of our intellectual property rights and take necessary actions to defend and enforce our rights, or at all.

The patent position of biopharmaceutical companies generally involves complex legal and factual questions. Our current and future patent applications may not be granted with approvals. Even if the patent application is issued, it is still not conclusive as to its scope, validity or enforceability. Thus, we may not effectively prevent third parties from commercializing competitive technologies and drug candidates. Besides, we may not be able to prevent third parties from practicing infringing acts of our invention patents in all countries. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own drugs and further, may export otherwise infringing drugs to certain jurisdictions where we have patent protection, but where enforcement rights are not as strong as those in certain other countries. These drugs may compete with our drugs and our patent rights or other intellectual property rights may not be effective or adequate to prevent them from competing.

Patent protection depends on compliance with various procedural, regulatory and other requirements, and our patent protection could be reduced or eliminated due to non-compliance.

The China National Intellectual Property Administration (the "**CNIPA**"), the United States Patent and Trademark Office (the "**USPTO**") and other applicable patent authorities require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. There are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents within prescribed time limits.

If our patent terms expire before or soon after our drug candidates are approved, or if competitors successfully challenge our patents, our business may be materially harmed. Lack of protection under the applicable patent linkage and patent term extension laws and regulations could increase the risk of early generic competition.

Patents have a limited duration. Depending on the jurisdiction, various extensions may be available, but the life of a patent, and the protection it affords, is limited. Patents for invention generally expire 20 years from the application or filing date in China and the U.S. Even if patents covering our drug candidates, their manufacture, or use are obtained, once the patent life has expired, we may be open to competition from competitive medications, including biosimilar medications. Manufacturers of generic or biosimilar drug products may challenge the scope, validity, or enforceability of our patents in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights. As a result, we may not be able to exclusively develop or market the relevant product, which would materially harm the potential sales of that product and, in turn, adversely affect our business and results of operations.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after commercialization, which may limit our ability to exclude others from commercializing technology and products similar or identical to ours. Although we may seek certain patent term extensions, there can be no assurance that such extensions will be granted, or that they will be granted for the full period requested, due to failure to satisfy applicable requirements or applicable deadlines. If we are unable to obtain a patent term extension or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business could be harmed.

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

The legal systems of some countries do not favor the enforcement of patents, trade secrets and other intellectual property, particularly those relating to pharmaceutical products, which could make it difficult in those jurisdictions for us to stop the infringement, misappropriation or other violation of our patents or other intellectual property rights, or to prevent third parties from engaging in unfair competition by using our technologies or proprietary information in jurisdictions where we lack strong protection, and exporting such competing products into jurisdictions where enforcement mechanisms are weaker. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a

significant commercial advantage from the intellectual property that we develop or license. Any of the foregoing could materially adversely affect our business, financial condition, results of operations and prospects.

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

We own a number of trademarks in China, the U.S. and other jurisdictions. Our trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks, and may not be registered in all the necessary or desirable jurisdictions and categories in which we intend to sell our future products or provide our future services. Competitors may adopt similar trade names or trademarks, which could cause market confusion and impair our ability to build brand recognition. Meanwhile, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. In addition, misuse of our trademarks and trade names by business partners or licensees could diminish the goodwill associated with our brands. As a result, these risks could undermine our ability to establish meaningful name recognition through our trademarks and trade names and our business could be materially adversely affected.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position could be harmed.

In addition to our issued patents and pending patent applications, we rely on trade secret and confidential information, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our drug candidates. In the course of collaborating with third parties for the development, our trade secrets could be misappropriated, disclosed, or discovered by competitors. We seek to protect our trade secrets and confidential information, in part, by entering into non-disclosure, confidentiality and similar agreements with parties that have access to them, such as our employees, collaborators, and other third parties. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies. Moreover, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Such inappropriate or unauthorized use could have an adverse effect on our business and results of operations.

Our competitors may still gain access to our trade secrets. Enforcing a claim that a party has illegally disclosed or misappropriated a trade secret can be difficult, costly and time-consuming, and the outcome is unpredictable. Should we fail to prevent the unauthorized material disclosure or misappropriation of our trade secrets and confidential information by third parties, we would not be able to establish or maintain a competitive edge in our market, which could materially and adversely affect our business, financial condition, and results of operations. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using such technology or information to compete against us and our competitive position would be harmed. Furthermore, we may be subject to claims that we or our employees, consultants, advisors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer, which could also adversely affect our business and results of operations.

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 industry is common, including patent administrative proceedings, patent ownership and patent infringement lawsuits. The various markets in which we operate and plan to operate are subject to

frequent and extensive intellectual property litigation, which could be expensive and time-consuming. We cannot guarantee that we will not become involved in such litigation, prevail in it, and its costs or adverse outcomes may adversely affect our business.

We may also fail to identify relevant patents or patent applications held by third parties that cover our drug products. We cannot assure you that our marketed products or drug candidates, or the sale or use of our future products, do not or will not infringe upon, misappropriate, or otherwise violate any third-party intellectual property rights. As a result, third parties could resort to litigation against us or other parties we have agreed to indemnify, and a court may determine that such third-parties' patents are valid, enforceable and infringed, which could prevent us from selling or using the relevant products unless we obtain a license or until such patents expire or are finally determined to be invalid or unenforceable. If we are found to be infringing a third party's patent rights, defending such claims would cause us to incur substantial expenses and potentially significant damages. We may need to seek a license from a third party, which may be costly, unavailable, or available on acceptable terms. If so, 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. Even if obtained, such licenses may be non-exclusive and could erode our competitive advantage, potentially leading to price pressures, or diminished market share for our offerings.

Our intellectual property rights could be challenged or invalidated or become subject to ownership disputes. For example, third parties may claim ownership of, or have filed competing patent applications covering, our drug products or similar inventions, which could result in our patent applications not being granted or our issued patents being limited or invalidated. Competitors or other third parties may also infringe or misappropriate our intellectual property rights, and enforcing or defending such rights may require litigation that is costly, time-consuming and unpredictable. Courts may determine that our patents are invalid or unenforceable, decline to grant injunctive relief, or interpret our rights narrowly, and enforcement actions may expose us to counterclaims, substantial damages, disclosure of confidential information and significant management distraction. If the public, securities analysts or [REDACTED] 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 product sales, it could have a substantial adverse effect on the price of our Shares.

Intellectual property and other laws and regulations are subject to change, 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 biopharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws and regulations, in the governmental bodies enforcing them, or in how such authorities interpret and enforce these laws across jurisdictions may diminish the value of our intellectual property, and weaken our ability to obtain new patents or to enforce our existing and future owned and licensed patents, while increasing the uncertainty and cost of prosecuting, enforcing or defending patents. We cannot predict the scope of claims that may be allowed or enforced in our future patents or in third-party patents. In addition, there are proposals for changes to the patent laws in China, the U.S. and other jurisdictions that, if adopted, could limit our ability to enforce our proprietary technology.

RISKS RELATING TO DEPENDENCE ON THIRD PARTIES

We rely on third parties to support and conduct certain aspects of our business, and the inability of any of these parties to reliably carry out their contractual duties or meet expected timelines could adversely affect our business and prospects.

We cooperate with third parties, such as CROs, CDMOs, and third-party promoters, for the drug development, as well as sales and distribution of our products. If these parties, whom we cannot fully control, do not successfully carry out their contractual duties or regulatory obligations or meet expected deadlines, or if our collaboration partners do not have the ability or the resources to

successfully complete their objectives, or choose not to continue their relationship with us, our development efforts could be delayed, suspended or terminated, or our commercialization efforts may be delayed, impaired or terminated.

We have engaged third-party CROs and other third parties to assist us in conducting our preclinical studies and clinical trials. The CROs we engage may not always perform to our standards, devote sufficient time and resources, produce results in a timely manner or may fail to perform at all. We may engage third-party CDMOs to outsource certain manufacturing processes, which introduces additional risks, including potential deviations from our quality standards, inadequate oversight of the CDMOs' facilities or processes, delays in production caused by the CDMOs' operational issues or limited capacity, and misconduct by the CDMOs, such as misappropriation or violation of intellectual property rights of us or third parties. We may also face difficulties in enforcing strict compliance with regulatory requirements at outsourced facilities, which could expose us to penalties or disruptions in supply.

We have entered into license and collaboration agreements with third parties in the development, manufacturing and commercialization of our drug candidates, and may seek and enter into additional partnerships in the future. We may fail to identify suitable business partners or may not realize the benefits of such partnerships as expected.

We have in the past formed, and may continue to seek, strategic partnerships or other collaborations, including entering into licensing arrangements with third parties that we believe will complement or augment our drug development, manufacturing and commercialization efforts with respect to our drug candidates and any future drug candidates that we may develop. See "Business — Collaborations and Partnerships" for details.

Our results of operations have been, and may continue to be, affected by our collaboration and licensing arrangements. Collaboration and licensing agreements involving our drug candidates are subject to various risks, including (i) collaborators having significant discretion over the level of efforts and resources they devote to a collaboration, (ii) the possibility that such agreements may be terminated on short notice or that collaborators may elect to discontinue collaboration due to changes in strategic focus, acquisitions of competing products, funding constraints or other external factors, (iii) delays, suspension or discontinuation of clinical trials, insufficient funding, the need to repeat or conduct additional trials, or requirements for new formulations imposed by collaborators, (iv) milestone payments and royalties being contingent upon the achievement of specified regulatory, development and commercialization milestones, which may not be fully realized, (v) collaborators' failure to properly maintain or defend our intellectual property rights or their use of our intellectual property or proprietary information in a manner that could give rise to actual or threatened litigation or potential liability, (vi) disputes with collaborators that may delay or terminate research, development or commercialization activities or result in costly litigation or arbitration and diversion of management attention and resources, (vii) collaborators independently developing, or developing with third parties, competing products, (viii) collaborators owning or co-owning intellectual property arising from the collaboration, in which case we may not have exclusive rights to such intellectual property, and (ix) adverse effects on collaboration and licensing relationships resulting from cross-border data transfer restrictions and geopolitical tensions, including trade policies and export controls.

For these and other reasons, we may not achieve the outcomes and synergies expected from our collaboration and licensing arrangements. Such arrangements are subject to uncertainties, and we may face operational and financial risks, including increased expenditures, exposure to unknown liabilities, business disruption and diversion of management time and attention. In addition, any material and adverse changes to our relationships with our collaborating partners or our inability to attract or retain suitable strategic partners due to competition or the complexity of negotiations, may reduce the technological and financial resources available to us and adversely affect our R&D activities and business operations. Our drug candidates may be deemed to be at too early of a stage of development for collaborative effort, and third parties may not view our drug candidates as

having the requisite potential to demonstrate safety and efficacy or commercial viability. If and when we collaborate with a third party for development and commercialization of a drug candidate, we may be required to relinquish some or all of the control over the future success of that drug candidate to the third party. The collaborators may also consider alternative drug candidates or technologies that may be available.

If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may be required to curtail, delay or reduce the scope of development or commercialization of our drug candidates, or incur increased expenditures by undertaking such activities ourselves. If we fail to enter into collaboration and licensing arrangements, face difficulties in securing adequate reimbursement from existing collaborators, or do not have sufficient funds or expertise to undertake the necessary development, manufacturing and commercialization activities, we may not be able to further develop our drug candidates or bring them to market and generate product sales revenue, which would harm our business, financial condition, results of operations and prospects.

We engage third parties to provide a stable and adequate supply of raw materials, products and equipment for our development and manufacturing needs. Any interruptions of or significant price increases in such supply could adversely affect our business.

During the Track Record Period, we and our CDMOs engaged third parties to supply certain raw materials, products and equipment used in our R&D and manufacturing activities, and may continue to do so in the future. Such third parties may fail to meet our increasing demand, maintain required licenses, or implement effective quality control. Therefore, reliance on third parties exposes us to certain risks, including: (i) production disruptions or inadequate supply; (ii) rising raw material and product costs; (iii) delays in our clinical trials or regulatory filings, and (iv) recalls of our products.

If we cannot maintain or develop our relationships with principal investigators, physicians and other industry experts, our results of operations and prospects could be adversely affected.

Our relationships with principal investigators, physicians and other industry experts play an important role in our research and development and marketing activities. These industry participants may leave their roles, change their business or practice focus, or choose to no longer cooperate with us and cooperate with our competitors instead. Should they continue to cooperate with us, their market insights and perceptions, which we factor into our research and development process, may be inaccurate and lead us to develop products with limited market potential. Even if their insights and perceptions are correct, we may fail to develop commercially viable products. Any of the foregoing factors could materially and adversely affect our business, financial condition and results of operations.

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

We have entered into logistic service agreements with third-party logistics service providers for the transportation of our products. Delivery delays may occur for various reasons beyond our control, including poor handling by our logistics service providers, labor disputes or strikes, natural disasters, and health epidemics, and could lead to delayed or lost deliveries. We have purchased cargo insurance policies for our finished drug products. For APIs and intermediates, we typically rely on our logistics management and contractual arrangements with transportation providers instead of purchasing separate cargo insurance. However, we cannot guarantee you that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. If products are not delivered on time or are delivered in a damaged state, our customers may refuse to accept products and claim refund from us, and 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 reputation damage.

RISKS RELATING TO GOVERNMENT REGULATIONS

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.

All jurisdictions in which we operate or intend to operate our business regulate the research, development, manufacturing and commercialization of biopharmaceutical products in great depth and detail. We intend to implement a global development strategy, with a focus on major markets including China, the U.S., Europe, Japan, South Korea, and key emerging markets. These jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ a broad range of strategies, including regulation of the development and approval, manufacturing, 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 obtain and maintain certain licenses and permits for conducting our business, and the process of obtaining and maintaining such approvals require substantial time and financial resources. If any regulatory authorities consider that we were operating without the requisite approvals, licenses or permits or we failed to timely comply with new laws, regulations or restrictions, it may have the discretion to levy fines, confiscate our income, revoke our business licenses, require us to discontinue our relevant business or impose restrictions on the affected portion of our business, among other actions. In particular, failure to comply with the applicable regulatory requirements at any time during the product development process and approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitutions, disgorgements, 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 China, the U.S. and other markets where we may sell our drugs, the relevant government agencies and industry regulatory bodies impose high standards on the efficacy of pharmaceutical products, as well as strict rules, regulations and industry standards on how we develop such products. For example, we may need to obtain clearance from the NMPA, the FDA or other regulatory authorities to seek authorization to begin clinical trials, and file an NDA or similar application 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.

The regulatory approval processes of the NMPA, the FDA and other comparable regulatory authorities are time-consuming and uncertain. If we are unable to obtain timely regulatory approvals for our drug candidates in the target markets, our business may be subject to actual or perceived harm.

The regulatory approval process is inherently uncertain, time-consuming, and subject to discretion. The authorities may, for example, raise concerns about the materials submitted, request additional efficacy or safety data, question study design or statistical analyses, request modifications to study protocols, or interpret study results differently than anticipated. 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. We may fail to receive

the regulatory approvals due to a number of reasons, including: (i) disagreements over clinical trial design or implementation; (ii) failure to demonstrate safety and efficacy or meet statistical significance; (iii) insufficient data or procedural errors; (iv) failure to pass GCP inspections or data audits; (v) unexpected changes in regulations or approval policies; or (vi) manufacturing deficiencies, including failure to pass GMP inspections.

Regulatory authorities may require more information to support approval, which may result in delay in regulatory approval and commercialization plans or denial of regulatory approval. Even if approved, our candidates may be restricted to fewer indications or require post-marketing trials. Therefore, our commercial prospects and reputation might be harmed. If any of our drug candidates fails to demonstrate safety and efficacy to the satisfaction of regulatory authorities, we may not be able to realize any revenue on such drug candidate despite the significant amount of resources we would have spent on its development.

Our current and future approved drugs are subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses. We may face penalties and other negative consequences if we fail to comply with these regulatory requirements or experience unanticipated problems with our drugs and drug candidates.

Our marketed products and future approved candidates are subject to extensive ongoing regulatory obligations and continued regulatory review covering R&D, manufacturing, and marketing. These include CMC adherence, continuous compliance with current cGMPs, GCPs and post-approval studies for license renewal. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, including, if applicable, phase 4 trials for the surveillance and monitoring of the safety and efficacy of the drug. Furthermore, approvals may be limited to specific indications or conditioned on costly post-marketing studies, such as Phase IV trials, to monitor safety and efficacy. Even after approval, subsequent discovery of previously unknown problems with the drug, such as manufacturing or regulatory compliance, could lead to severe consequences, including: (i) restrictions on marketing or manufacturing, product withdrawals, or recalls; (ii) fines, warning letters, or clinical trial holds; (iii) refusal to approve pending applications or supplements, or suspension or revocation of licenses; (iv) refusal to accept new INDs, NDAs or similar applications; (v) drug seizure, detention, or import/export bans; and (vi) injunctions or the imposition of civil, administrative, or criminal penalties.

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

We and certain third parties we work with, such as our CROs, CDMOs and business partners, are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. We generally contract with third parties for the disposal of solid waste and wastewater, and we cannot guarantee their continuous compliance. We cannot eliminate the risk of contamination or injury from these materials. We do not maintain insurance for environmental liability or toxic tort claims and our coverage for employee injuries may be inadequate. In the event of contamination or injury we may face liabilities exceeding our resources and could incur significant costs associated with fines and penalties. In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations and impair our research, development or production efforts.

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 medical data and treatment records of subjects enrolled in our clinical trials, but do not collect the personal information irrelevant to our trials or our enrolled subjects. In recent years, the PRC authorities have promulgated certain laws and regulations in respect of information security, data collection and privacy protection regulations in the PRC.

Regulatory requirements are evolving and subject to varying interpretations, resulting in uncertainties regarding our responsibilities. We may also face new laws and regulations regarding personal information and privacy concerning our data collection, analysis, storage and use. Such developments may result in ever-increasing public scrutiny enforcement and sanctions and compliance costs. Failure to comply with any of these laws or effectively address data privacy and protection concerns 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 subject to strict privacy and data protection regulations. Data leakage and abuse and other misconduct related to data and personal information protection might not be completely avoided. We also cooperate with third parties for our clinical trials and marketing operations. Any security breach, failure or perceived failure to comply with data/privacy policies or data/privacy-related legal obligations, whether by us or our partners, could result in the unauthorized data release, legal claims, and a loss of customer trust.

We may be restricted from transferring our scientific data abroad.

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**"), and 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.

The Personal Information Protection Law of the PRC specifies the circumstances in which data processors providing data export shall apply for outbound data transfer security assessment with the CAC, including, among others, the outbound data transfer containing important data. The Provisions on Facilitating and Regulating Cross-border Data Flows (《促進和規範數據跨境流動規定》) specifies that data handlers that are not critical information infrastructure operators and sets out detailed requirements for outbound transfers of personal information. See "Regulations in Relation to Information Security and Data Privacy — Data Security and Export" for details.

In addition, use of or collaboration involving China's human genetic resources may require approvals or filings under 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**"), and failure to comply may adversely affect our R&D of drug candidates. Further, the PRC Biosecurity Law (《中華人民共和國生物安全法》), reaffirms the regulatory requirements stipulated by the HGR Regulation and potentially increases the administrative sanctions. see "Regulatory Overview — Laws and Regulations in Relation to New Drugs — Gathering, Collection and Filing of Human Genetic Resources" for details.

Changes in laws and regulations relating to the pharmaceutical industry may result in additional compliance risks and costs.

The pharmaceutical industry and healthcare system in China, the U.S. and other jurisdictions has witnessed a series of legislative and regulatory changes, including measures that may reduce or limit coverage and reimbursement and affect our ability to profitably sell our products. See also "Regulatory Overview" and "— Risks Relating to Our Business and Industry — National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects." Such new regulations and rules, along with other potential future measures, may lead to stricter requirement and standards for our business and operations, which could increase our compliance burden and operating expenses.

These legislative trends and regulatory measures can potentially affect the sales, profitability and prospects of our marketed products and drug candidates in the future. Moreover, these laws and regulations are subject to updates, and their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty 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.

Changes in political and economic policies, as well as the interpretation and enforcement of laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

A substantial portion of our operations are based in the PRC, our business, financial condition, results of operations and prospects may be affected by economic, political, social and legal developments in China. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources; however, we cannot guarantee the extent to which our business operations will be able to benefit from such measures, if at all. In addition, laws, rules and regulations may also be amended from time to time, and the application, interpretation and enforcement of such evolving laws, rules and regulations may affect our business operations. Any of the foregoing may have a material and adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR OPERATIONS

Our future success depends in part on our ability to attract, retain and motivate senior management, key personnel, and other qualified professionals.

We are highly dependent on the expertise of our senior management, key personnel, and other qualified professionals. We believe that there is, and will continue to be, intense competition for skilled management, technical, sales and other personnel with experience in our industry. 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 biopharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions.

If we fail to effectively manage our anticipated growth or execute on our growth strategies, our business, financial condition, results of operations and prospects could suffer.

Our future performance 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. 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. Managing our growth and executing on our growth strategies will require continuous innovation, and the ability to identify and develop promising drug candidates in a highly competitive market. We may also need to effectively develop new facilities and teams, recruit and train talent, and maintain robust financial, management and quality controls. All of these endeavors will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to execute our business strategies and manage any future growth effectively and efficiently.

We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business.

From time to time, we may be involved in inspections, 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, 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, claims, disputes or legal proceedings against us, our management or Directors may be due to actions taken by our business partners, 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.

Our reputation is important to our success. Negative publicity with respect to us, our Shareholders, management, employees, business partners, affiliates, or our industry, may materially and adversely affect our reputation, business, results of operations and prospects.

We believe that market awareness and recognition of our brand image, and the maintenance of a positive brand image, is crucial to the success of our business. However, our reputation is vulnerable to potential threats that can be difficult or impossible to control, and costly or impossible to remediate. In addition, we may engage various third parties to expand our sales and distribution 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 regulatory inquiries or investigations or other actions against our management, 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.

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

Our operations depend in part on the skills and know-how of our employees. In recent years, the average labor cost in the global biopharmaceutical market, particularly for highly skilled and experienced personnel, has been steadily increasing as the competition for qualified employees has become more intense. We cannot assure you that there will be no further increase in labor cost, which may adversely affect our operations and financial condition. In addition, share options and other share-based incentives granted under our existing or future share-based incentive

arrangements and scheme could adversely affect our costs and our results of operations. See also "— Risks Relating to Our Financial Position and Need for Additional Capital — Share-based payments may impact our financial performance and cause shareholding dilution to our existing Shareholders."

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

We are exposed to changing international economic, regulatory, social and political conditions, as well as local conditions in the foreign countries and regions in which we operate or with which we conduct business. Rising trade and political tensions may reduce cross-border trade, investment and other economic activities between China and other countries and regions. For example, in February 2025, the U.S. government issued the "America First Investment Policy" memorandum, signaling possible additional restrictions on U.S. investment in China in certain sensitive sectors, including biotechnology, and in April 2025, the U.S. Department of Commerce announced investigations into the national security implications of semiconductor and pharmaceutical product imports. These developments underscore the uncertainty of the cross-border policy environment and may adversely affect our business, financial condition and results of operations.

Furthermore, the BIOSECURE Act was signed by President Trump on December 18, 2025, which aims at prohibiting the U.S. government from procuring biotechnology equipment or services from designated "biotechnology companies of concern," and would prohibit government contracts, loans and grants to any entity that uses biotechnology equipment or services from a designated "biotechnology company of concern." If our suppliers or business partners were to be listed as "biotechnology companies of concern," our ability to engage in business with the U.S. government or with companies that engage in business with the U.S. government may be limited. The timing and substance of enabling regulations remain subject to uncertainty and may differ materially from current expectations.

Tariff policies and other trade measures affecting cross-border trade have been subject to changes, particularly in the United States. In early 2025, the United States imposed increased tariffs on certain imports from China across multiple sectors, and China responded by imposing retaliatory tariffs on certain U.S. goods. Although the United States and China subsequently announced temporary trade arrangements, including partial tariff reductions, the future development of such measures remains uncertain. Notwithstanding the foregoing, the direct impact of such tariff measures on our business was limited. Our revenue generated from sales to the U.S. market were RMB109.9 million, RMB219.1 million and RMB144.5 million in 2023, 2024 and 2025, respectively. The decrease from 2024 to 2025 was primarily attributable to the fluctuations in customer demand in connection with their R&D and product launch preparation processes, including higher procurement associated with validation and related pre-commercial activities in 2024, and was not primarily driven by tariff measures. See also "Financial Information — Year to Year Comparison of Results of Operations — Year ended December 31, 2025 Compared to Year ended December 31, 2024 — Revenue." In addition, our procurement from the United States or of U.S. origin represented only a small portion of our total procurement during the Track Record Period and accounted for less than 1.5% of our total procurement in 2025, and such measures did not result in any significant supply chain disruption. Nevertheless, we cannot assure you that further changes in U.S. tariff policies and related trade measures will not adversely affect our business, financial condition, results of operations and prospects.

Any rising trade and political tensions or unfavorable government policies on international trade, such as capital controls or tariffs, may affect the competitive position of our drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. We cannot predict how tariff policies may evolve or anticipate any potential impacts of

subsequent developments in such policies on our business. If we, our customers, suppliers or other business partners become subject to these measures, our business, financial condition, and results of operations could be materially and adversely affected.

We could be adversely affected by the sales we make to certain countries that are, or may become subject to, sanctions administered by the United States, the European Union, the United Nations, Australia and other relevant sanctions authorities.

Economic sanction regimes imposed by the United States and other jurisdictions or international organizations, including the European Union, the United Nations and Australia, restrict dealings with certain countries or territories, as well as designated entities, sectors, and individuals. These measures are dynamic and subject to frequent amendments, and the interpretation and enforcement practices of the relevant authorities may evolve over time.

During the Track Record Period, we sold certain non-U.S. origin API products to certain customers or end-users located in countries/regions subject to International Sanctions, including Iran, Cuba, Russia and Belarus (collectively, "**Relevant Sanctioned Countries**"). Revenue attributable to such direct and indirect sales was immaterial, which involved an insignificant portion of our customers and constituted less than 2.7% of our total revenue during the Track Record Period. These sales were conducted in our ordinary course of business, where our APIs were used by customers for the manufacturing of pharmaceutical products, with no involvement of U.S. persons, no products subject to the EAR, and no U.S. dollar payments made to us. As advised by our International Sanctions Legal Advisors, our direct and indirect sales of API products to Iran, Cuba, Russia and Belarus did not represent a violation to primary U.S. sanctions on the bases that (i) all of these direct and indirect sales were conducted in RMB with non-sanctioned counterparties, and the products sold did not involve 10% or more of U.S.-origin controlled content and thus are not subject to the EAR under the applicable *de minimis* rule; and (ii) the nature of the products sold are API products, which are the essential components in drug medications, and can be viewed as articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals and hence potentially are eligible for applicable general licenses for sales to Relevant Sanctioned Countries.

The United States also has enacted secondary sanctions targeting non-U.S. persons who have engaged in certain sanctionable activities related to the Relevant Sanctioned Countries, or sanctioned entities designated on the SDN List. As advised by our International Sanctions Legal Advisors, given that (i) none of our customers are designed on the SDN List, based on standard sanctions screening procedures; (ii) the humanitarian nature of the products we provide, including the sales of API products to the Relevant Sanctioned Countries, and (iii) the general policy objectives to authorize sales of articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals (i.e., products that the we sold to Russia, Iran and Cuba were "medicine or medical devices" within the definition of General License 6D and General licenses for the exportation or re-exportation of medicine and medical devices under subpart E of the Iranian Assets Control Regulations and the Cuban Assets Control Regulations), our sales to the Relevant Sanctioned Countries are unlikely to be viewed as Secondary Sanctionable Activities that would result in U.S. secondary sanctions designations risk during the Track Record Period.

During the Track Record Period, we made procurement from two suppliers ("**Relevant Suppliers**") who were designated on the BIS Entity List and the OFAC Chinese Military-Industrial Complex Companies ("**CMIC**") List, respectively. Sales of products subject to the EAR to the Relevant Suppliers designated on the BIS Entity List are prohibited unless authorized, and United States persons are prohibited from the purchase or sale of any publicly traded securities, derivatives of such securities or those designed to provide investment exposure to such securities, of entities designated on the CMIC List unless licensed. As advised by our International Sanctions Legal Advisors, given that (i) our activities with the Relevant Suppliers were limited to procurement of products and did not involve any purchase or sale of any publicly traded securities, or restricted financial activities in relation to certain Relevant Supplier designated on the CMIC List; and (ii)

such transactions did not involve transfer of any items subject to the EAR from us to the Relevant Suppliers, our activities with the Relevant Suppliers did not represent a violation of any of the applicable International Sanctions and the U.S. export controls.

Based on the reasons above, as advised by our International Sanctions Legal Advisors, (i) our direct and indirect business dealings in the Relevant Sanctioned Countries are unlikely to result in the violation of, or sanctions designation under, applicable sanctions laws administered by the United States, the European Union, the United Nations and Australia; and (ii) our business activities did not constitute Primary Sanctioned Activities that represent a violation to the applicable International Sanctions and are unlikely to be viewed as Secondary Sanctionable Activities during the Track Record Period. Based on a thorough review of our internal control policies and procedures for sanctions compliance (which encompass screening of customers, suppliers and business partners against applicable sanctions lists, ongoing monitoring of changes in sanctions laws and regulations, and employee training) in consultation with our International Sanctions Legal Advisors, and having considered that we had not been the subject of any sanctions-related investigations, claims, proceedings or penalties during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view, and the Sole Sponsor concurs, that our internal control measures are adequate and effective to manage its exposure to sanctions risks, and that we are not subject to any sanctions risks that would materially and adversely affect our business operations and financial performance.

As of the Latest Practicable Date, neither we nor our Directors had received any notice of penalties or enforcement action related to our historical sales to the Relevant Sanctioned Countries. We have ceased all transactions with, and do not intend to undertake any future business with, any Comprehensively Sanctioned Countries and Sanctioned Targets that could cause us to violate the applicable International Sanctions. The interpretation and implementation of International Sanctions can be uncertain. If regulatory authorities were to determine that our business activities violated International Sanctions, we could face sanctions or penalties that could adversely affect our business, results of operations, reputation and prospects. Additionally, sanctions programs constantly evolve with new restrictions and interpretations that could increase scrutiny of our business. We cannot ensure full compliance with evolving regulations or the absence of resulting adverse consequences.

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

Overseas markets are an important component of our growth strategy. We plan to explore market opportunities overseas, where we believe there is substantial demand for our drug candidates, and we intend to identify and collaborate with reputable local partners that have proven track record to maximize the global value of our drug candidates. We will also continue to seek licensing and co-development opportunities with global MNCs, and expand our global clinical programs. For more details, see "Business — Our Business Strategies." However, such activities may subject us to additional risks that may materially adversely affect our ability to attain or sustain profitable operations, including (i) increased expenses or diversion of management time and attention in connection with efforts to enter into collaboration or licensing arrangements with third parties, (ii) changes in political or cultural environments or economic conditions in specific countries or regions, (iii) differing and evolving regulatory requirements for drug approvals and marketing across international markets, (iv) difficulties in effectively enforcing contractual provisions in local jurisdictions, (v) reduced or uncertain protection of intellectual property rights, (vi) unexpected changes in tariffs, trade barriers and regulatory requirements, (vii) compliance with tax, employment, immigration and labor laws applicable to employees traveling or working abroad, and (viii) business interruptions resulting from geopolitical events, mainly war and terrorism, or natural disasters.

We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control.

Natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the regions where we conduct our business. Our operations may be under the threat including (i) natural disasters such as floods, earthquakes, sandstorms, snowstorms, fires or droughts, (ii) outbreaks of widespread health epidemics or other public health events, including swine flu, avian influenza, severe acute respiratory syndrome (SARS), COVID-19, Ebola or Zika, (iii) shortages or failures of power, water or fuel supplies, (iv) malfunctions or breakdowns of information management systems, (v) unexpected maintenance requirements or technical problems, and (vi) ongoing and potential wars or terrorist attacks. The occurrence of such disaster, epidemic or other adverse public health or geopolitical development could materially disrupt our business and operations including adverse effects on the economy, potential delays of our ongoing and future clinical trials, and disruptions to the operations of our business partners.

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

We maintain industry-standard benefit plans in accordance with relevant laws and regulations, based on our assessment of our operational needs and industry practice. Our insurance policies cover adverse events in our clinical trials, liability insurance for workplace safety and general insurance for properties and machinery damage. In line with general market practice, we have elected not to maintain certain types of insurance, such as business interruption insurance or key personnel life insurance. Our existing insurance coverage may prove to be inadequate or could cease to be available to us on acceptable terms, if at all. A claim brought against us that is uninsured or under-insured could harm our business, financial condition and results of operations. 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.

Our information technology systems, or those used by our partners or other contractors or consultants, may fail or suffer security breaches.

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, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our 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 was 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 leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them.

We have leased certain properties in China primarily used as our offices, manufacturing, warehousing and R&D facilities, and also leased out certain properties to third parties. See "Business — Properties — Leased Properties" for details. Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases.

As of the Latest Practicable Date, four lease agreements for our leased properties in China, each with a GFA of over 1,000 square meters, which are used for R&D, manufacturing and office purposes, had not been registered with the relevant PRC authorities. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. Therefore, the maximum potential fine for these leased properties would be RMB40,000. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of leases. However, we cannot assure you that we would not be subject to any penalties and/or requests from local authorities to fulfill the registration requirements, which may increase our costs in the future. If any of our leases is terminated or becomes unenforceable as a result of challenges from third parties, we would need to seek alternative properties and incur relocation costs. Any relocation could lead to disruptions to our operations and adversely affect our business, financial conditions and results of operations. As our leases expire, we may face difficulties renewing them, either on commercially acceptable terms or at all. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially and adversely affect our business, results of operations or financial condition.

Failure to comply with relevant regulations relating to social insurance and housing provident fund may subject us to penalties and adversely affect our business, financial condition, results of operations and prospects.

According to the applicable PRC regulations, we are required to participate in the employee social welfare plan administered by local governments. See "Regulatory Overview — Regulations in relation to Employment and Social Securities" for details. Such plan consists of pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund. We were in compliance with applicable laws and regulations related to social insurance and housing provident funds in all material aspects during the Track Record Period. Any failure to make timely and full social welfare contribution for our employees could trigger an order of correction from competent authority. Such an order would require us to make up the full amount of such overdue social welfare contribution within a specified period of time and pay an overdue charge equal to 0.05% of the outstanding amount for each day of delay. Failure to comply within the stipulated deadline, we may be liable to a fine of one to three times the amount of the overdue payment. In addition, if we fail to pay the full amount of housing provident fund as required, the housing provident fund management center may order us to make the outstanding payment within a prescribed time limit. In the event of non-payment within such time limit, an application may be made to the PRC courts for compulsory enforcement.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute the value of your [REDACTED] in our H Shares, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisitions and strategic collaborations, including acquiring complementary products, intellectual property rights, technologies or businesses, as we may deem appropriate to carry out our business plan. Any potential acquisition or strategic collaboration may entail numerous risks, including (i) increased operating expenses and cash requirements, (ii) the assumption of additional indebtedness or contingent liabilities, (iii) dilution to existing Shareholders resulting from the issuance of additional equity securities, (iv) diversion of management time and attention from existing product programs and initiatives, (v) loss of key personnel and uncertainty in maintaining key business relationships, (vi) risks and uncertainties related to the integration of operations, corporate culture, intellectual property, products and personnel of the acquired business, (vii) risks and uncertainties associated with the counter party to the transaction, (viii) the inability to generate revenue from acquired technologies or products

sufficient to achieve our objectives or offset acquisition and ongoing costs, and (ix) changes in accounting principles or standards applicable to the recognition and measurement of our investments that could materially affect our financial results.

Additionally, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large onetime expenses and acquire intangible assets that could result in significant future amortization expenses. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business. Further, according to the Anti-Monopoly Law of PRC (《反壟斷法》) and the Provisions of the State Council on Thresholds for Prior Notification of Concentrations of Undertakings (《國務院關於經營者集中申報標準的規定》), or the "Prior Notification Rules" issued by the State Council, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the SAMR when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

RISKS RELATING TO THE [REDACTED]

Our A Shares are listed on the Shanghai Stock Exchange. The characteristics of the A Share and H Share markets may differ. We will be concurrently subject to [REDACTED] and regulatory requirements of the Chinese Mainland and Hong Kong.

Our A Shares are listed and traded on the Shanghai Stock Exchange. Following the [REDACTED], our A Shares will continue to be [REDACTED] on the Shanghai Stock Exchange and our H Shares will be [REDACTED] on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**" or "**Hong Kong Stock Exchange**"). Under the current PRC laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible, and there is no [REDACTED] or settlement between the H Share and A Share markets. Specifically, the H Share and A Share markets have different trading characteristics, each have different trading volumes, liquidity and [REDACTED] bases, as well as different levels of retail and institutional [REDACTED] participation. As a result, the [REDACTED] performance of our H Shares and A Shares may not be comparable, and the historical prices of our A Shares may not be indicative of the prices of our H Shares. Nonetheless, fluctuation in the price of our A Shares may adversely affect the price of our H Shares, vice versa. Therefore, you should not place undue reliance on the trading history of our A Shares when evaluating the [REDACTED] decision in our H Shares.

As we are listed on the Shanghai Stock Exchange and expect to be [REDACTED] on the Main Board of the Hong Kong Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless an exemption is available. Accordingly, we may incur additional costs and resources in continuously complying with all applicable listing rules and other regulatory regimes in the two jurisdictions.

There has been no prior [REDACTED] market for our H Shares, and their liquidity and market price may be volatile, which could lead to substantial losses to [REDACTED].

Prior to the completion of the [REDACTED], there has been no [REDACTED] market for our H Shares. We cannot assure you that a [REDACTED] market for our H Shares with adequate liquidity and [REDACTED] will develop and be sustained following the completion of the [REDACTED]. The [REDACTED] for our H Shares to the public will be the result of negotiations between us and [REDACTED] (for themselves and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the [REDACTED] of our H Shares following the completion of the [REDACTED]. We have applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED], the H Shares. A [REDACTED] on the Stock Exchange, however,

does not guarantee that an active and liquid [REDACTED] market for our H Shares will develop, or if it does develop, that it will be sustained following the [REDACTED], or that the [REDACTED] of our H Shares will not decline following the [REDACTED].

Furthermore, the [REDACTED] of our H Shares may be volatile. Various factors, among others, may affect the [REDACTED] and [REDACTED] at which our H Shares will [REDACTED], including (i) variations in our revenue, earnings and cash flows, (ii) announcements of new investments, business collaborations, strategic alliances or acquisitions, (iii) unexpected business interruptions resulting from epidemics, natural disasters or power shortages, (iv) material changes in our Directors, senior management or other key personnel, (v) our inability to obtain, maintain or renew regulatory approvals for our operations, (vi) our inability to compete effectively with competitors, (vii) political, economic, financial and social developments, and (viii) fluctuations in market prices for our products or raw materials. Moreover, shares of other biopharmaceutical companies [REDACTED] on the Stock Exchange have experienced significant price volatility in the past. It is possible that our H Shares may be subject to changes in [REDACTED] not directly related to our performance and as a result, [REDACTED] in our H Shares may suffer substantial losses.

Future sales or perceived sales of substantial amounts of our Shares in the [REDACTED] market could have a material adverse effect on the prevailing [REDACTED] of our H Shares and our ability to raise additional capital in the future.

Substantial future sales or the expectation of substantial sale of our Shares in the [REDACTED] market following the [REDACTED] could materially and adversely affect the [REDACTED] of our H Shares. Future sales of a significant number of our Shares by our Controlling Shareholders or other existing shareholders in the [REDACTED] market after the [REDACTED], or the perception that these sales could occur, could cause the [REDACTED] of our H Shares to decline and could materially impair our future ability to raise capital through [REDACTED] of our Shares. We cannot assure you that our Controlling Shareholders will not dispose of Shares held by it or that we will not issue Shares pursuant to the general mandate to issue shares granted to our Directors or otherwise. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders, or the availability of Shares for sale by our Controlling Shareholders, or the issuance of Shares by the Company may have on the [REDACTED] of the H Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing [REDACTED] of the H Shares.

As the [REDACTED] of our H Shares is higher than our consolidated net tangible asset per Share, [REDACTED] of our H Shares in the [REDACTED] may experience immediate dilution upon such purchases.

As the [REDACTED] of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], purchasers of our H Shares in the [REDACTED] may experience an immediate dilution. Our existing Shareholders will receive an increase in the [REDACTED] adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our H Shares may experience further dilution of their interest if we issue additional H Shares in the future to raise additional capital.

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

Our Controlling Shareholders may have substantial influence over our business. Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), our Controlling Shareholders will control approximately [REDACTED]% of voting rights in our Company (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). This concentration of ownership may discourage, delay or prevent a change in control of the Company, potentially depriving other

Shareholders of a takeover premium and reducing the price of our H Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interest of our Controlling Shareholders may differ from the interests of our other Shareholders and potentially our Controlling Shareholders may exercise their influence over us and cause us to enter into transactions or take, or fail to take, actions or make decisions that conflict with the best interests of our other Shareholders.

You may experience difficulties in effecting service of process upon or enforcing foreign judgments against us or our Directors or officers.

Most of our assets are situated in the PRC and most of our directors and officers reside in the PRC. Therefore, it may be difficult to effect service of process outside the PRC upon most of our directors and officers, including those arising under applicable securities laws. The PRC does not have treaties providing for the reciprocal recognition and enforcement of civil case judgments of courts with the United States and many other countries which may further limit your ability to enforce such judgments against us or our directors and officers in the PRC.

On July 14, 2006, Chinese Mainland and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》), or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a Chinese Mainland court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》), which has come into effect on January 29, 2024 and superseded the Arrangement, or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Chinese Mainland and Hong Kong. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. After the New Arrangement became effective, a judgment rendered by a Hong Kong court can generally be recognized and enforced in the PRC even if the parties in the dispute do not enter into a choice of court agreement in writing. However, we cannot guarantee that all judgments made by Hong Kong courts will be recognized and enforced in the PRC, as whether a specific judgment will be recognized and enforced is still subject to a case-by-case examination by the relevant court in accordance with the New Arrangement.

Our historical dividends may not be indicative of our future dividend policy, and there can be no assurance whether and when we will declare and pay dividends in the future.

We have declared dividends in the past. However, we cannot make any assurance that dividends of any amount will be declared or distributed by us in any period in the future. Under the applicable PRC laws and regulations, the payment of dividends may be subject to certain limitations, and the calculation of our profit under the Accounting Standards for Business Enterprises may differ in certain respects from the calculation under the IFRS. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors, taking into account various factors such as our results of operations, financial condition, cash flows, capital expenditure requirements, market conditions, our strategic plans and prospects for business development, regulatory restrictions on the payment of dividends and other factors as our Directors may deem relevant, and subject to the approval at Shareholders' meeting. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the applicable PRC laws and regulations. No dividend may be declared or paid except out of profits and reserves

lawfully available for distribution, and our historical dividends should not be regarded as indicative of our future dividend policy. For further details of our dividend policy, see "Financial Information — Dividends."

Under the existing foreign exchange regulations of the PRC, 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 Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If we fail 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 could affect the remittance of Renminbi into or out of China.

This document contains certain facts, forecast and other statistics derived from various government resources, which have not been independently verified.

Certain facts, forecast and other statistics in this document are derived from various government resources, which has not been independently verified by us, the Sole Sponsor, [REDACTED], any of the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED] and, therefore, we make no representation as to the accuracy of such facts and statistics. In all cases, our [REDACTED] should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other sources regarding us or the [REDACTED].

We may be subject to press and media coverage prior to the publication of this document, and subsequent to the date of this document but prior to the completion of the [REDACTED]. The press and media may include certain financial information, industry comparisons, profit forecasts and other information about us that does not appear in this document. You should rely solely upon the information contained in this document, the [REDACTED] and any formal announcements made by us in Hong Kong in making your [REDACTED] decision regarding the 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 ourselves or the [REDACTED]. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publications, and prospective [REDACTED] should not rely on them in making their [REDACTED] decisions regarding the [REDACTED]. In making their decisions as to whether to [REDACTED] in our H Shares, prospective [REDACTED] should only rely on the financial, operational and other information included in this document, the [REDACTED] and any formal announcements made by us in Hong Kong. By applying to purchase our H Shares in the [REDACTED], you will be deemed to have agreed accordingly.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the [REDACTED], we have sought the following waivers from strict compliance with the Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. 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 and Rule 19A.15 of the Listing Rules.

Our Group's management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that the appointment of 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. Therefore, our Company does not, and does not contemplate in the foreseeable future that we will, have sufficient management presence in Hong Kong for the purpose of satisfying the requirements under the Listing Rules.

Accordingly, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is an effective channel of communication between the Stock Exchange and us by way of the following arrangements:

(i) **Authorized representatives**: both of our Company's authorized representatives, Dr. Yuan and Ms. Ye Jiahong (叶嘉紅) ("**Ms. Ye**"), will act as our Company's principal channels of communication with the Stock Exchange. Accordingly, the authorized representatives of our Company will be able to meet with the relevant members of the Stock Exchange on reasonable notice and will be readily contactable by telephone, facsimile and/or email. Each of the authorized representatives of our Company has means of contacting all Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;

(ii) **Directors**: each Director has provided their mobile phone number, office phone number, fax number, if any, and e-mail address to the authorized representatives of our Company and the Stock Exchange, and in the event that any Director expects to travel or otherwise be out of the office, they will provide the phone number of the place of their accommodation to the authorized representatives. Each of our Directors not ordinarily residing in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time; and

(iii) **Compliance advisor**: we have appointed First Shanghai Capital Limited as our Compliance Advisor, in compliance with Rule 3A.19 of the Listing Rules, who will, among other things and in addition to the authorized representatives and our Directors, also act as an additional channel of communication with the Stock Exchange from the [REDACTED] to the date when our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year immediately following the [REDACTED]. We shall ensure that there are adequate and efficient means of communication among our Company, our authorized representatives, our Directors, other officers and the Compliance Advisor.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of their academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable: (i) a member of The Hong Kong Chartered Governance Institute; (ii) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and (iii) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing the "relevant experience," the Stock Exchange will consider the individual's: (i) length of employment with the issuer and other issuers and the roles he/she played; (ii) familiarity with the Listing Rules and other relevant laws and regulations including the Securities and Futures Ordinance, the Companies Ordinance, the CWUMPO and the Takeovers Code; (iii) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and (iv) professional qualifications in other jurisdictions.

We have appointed Ms. Ding Nan (丁楠) ("**Ms. Ding**") as our joint company secretary. Our Group's key operations and principal business activities are conducted outside of Hong Kong. We believe that the company secretary role requires a person to be deeply familiar with our operations and the specific industry context, and to be able to cultivate strong relationships with both the Board and the management. It would be in the best interests of our Company and our corporate governance to have as its joint company secretary a person such as Ms. Ding who is familiar with our Company's business and affairs as company secretary. As the executive Director and the Board secretary of our Company, Ms. Ding is deeply familiar with our operations and is able to cultivate strong relationships with both the Board and the management. Our Directors believe that Ms. Ding's intimate knowledge of our Company and operations is essential for the performance of company secretary duties in the most effective and efficient manner. For biographical details, see "Directors and Senior Management."

Since Ms. Ding does not possess the qualifications stipulated in Rule 3.28 of the Listing Rules, he is not able to solely fulfill the requirements as a company secretary of a [REDACTED] issuer stipulated under the Listing Rules. To support Ms. Ding in performing the duties of company secretary, we have appointed Ms. Ye, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom, who meets the requirements under Rule 3.28 of the Listing Rules, as a joint company secretary to provide assistance for a three-year period from the [REDACTED] so as to enable Ms. Ding to acquire the relevant experience as required under Note 2 to Rule 3.28 of the Listing Rules to duly discharge her duties.

Accordingly, our Company has applied for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules in relation to the appointment of Ms. Ding as our joint company secretary. Pursuant to Chapter 3.10 of the Listing Guide, such waiver [has been] granted on the conditions that: (i) Ms. Ye is appointed as a joint company secretary to assist Ms. Ding in discharging her functions as a company secretary and gaining the relevant experience under Rule 3.28 of the Listing Rules; and (ii) this waiver will be revoked immediately if and when Ms. Ye ceases to provide such assistance to Ms. Ding as the joint company secretary or there are material breaches of the Listing Rules by the Company during the three-year period.

In addition, Ms. Ding will comply with the annual professional training requirements under Rule 3.29 of the Listing Rules and enhance her understanding of the Listing Rules during the three-year period from the [REDACTED]. Our Company will further ensure that Ms. Ding has access to the relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an issuer [REDACTED] on the Stock Exchange. Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Ms. Ding to determine whether she has satisfied the requirements as stipulated under the Listing Rules and whether she needs further assistance. We will liaise with and assist the Stock Exchange in assessing whether Ms. Ding, having benefited from the assistance of Ms. Ye for three years, has

acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

BUSINESS ACQUIRED OR TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Pursuant to Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, the accountant's report to be included in a [REDACTED] document must include the income statements and balance sheets of any subsidiary or business acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited accounts have been made up in respect of each of the three financial years immediately preceding the issue of the [REDACTED] document.

According to Note (4) to Rule 4.04 of the Listing Rules, the Stock Exchange may consider an application for a waiver from strict compliance with Rules 4.04(2) and 4.04(4) by taking into account the following:

(a) all the percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) are less than 5% by reference to the most recent financial year of the applicant's trading record period;

(b) if the acquisition will be financed by the [REDACTED] raised from a [REDACTED], the new applicant has obtained a certificate of exemption from the Commission in respect of the relevant requirements under paragraphs 32 and 33 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(c) (i) where a new applicant's principal activities involve the acquisition of equity securities (the Stock Exchange may require further information where securities acquired are unlisted), the new applicant is not able to exercise any control, and does not have any significant influence over the underlying company or business to which Rules 4.04(2) and 4.04(4) of the Listing Rules relate, and has disclosed in its listing document the reasons for the acquisition and a confirmation that the counterparties and their respective ultimate beneficial owners are independent of the new applicant and its connected persons. In this regard, "control" means the ability to exercise or control the exercise of 30% (or any amount specified in the Takeovers Code as the level for triggering a mandatory general offer) or more of the voting power at general meeting, or being in a position to control the composition of a majority of the board of directors of the underlying company or business; or

(ii) with respect to an acquisition of a business (including acquisition of an associated company and any equity interest in a company other than in the circumstances covered under sub-paragraph (i) above) or a subsidiary by a new applicant, the historical financial information of such business or subsidiary is unavailable, and it would be unduly burdensome for the new applicant to obtain or prepare such financial information; and the new applicant has disclosed in its listing document information required for the announcement for a discloseable transaction under Rules 14.58 and 14.60 of the Listing Rules on each acquisition. In this regard, "unduly burdensome" will be assessed based on each new applicant's specific facts and circumstances (e.g. why the financial information of the acquisition target is not available and whether the new applicant or its controlling shareholder has sufficient control or influence over the seller to gain access to the acquisition target's books and records for the purpose of complying with the disclosure requirements under Rules 4.04(2) and 4.04(4)) of the Listing Rules.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

After the Track Record Period and up to the Latest Practicable Date, we have conducted the following acquisition (the "**Post-TRP Investment**"), details of which are set out below:

Name of the target	Place of Incorporation	Registered capital as of the Latest Practicable Date	Consideration	Approximate percentage of equity interest[(2)]	Principal business activities
Latticon (Suzhou) Biopharmaceuticals Co., Ltd. (徠特康(蘇州)生物製藥有限公司) (the "**Latticon Suzhou**")[(1)]	PRC	RMB7,686,500	RMB30 million	16.52%	R&D of innovative antibody-based drugs

Notes:

1 On March 10, 2026, pursuant to a capital increase agreement entered into by and among our Company and the then shareholders of Latticon Suzhou, our Company agreed to subscribe for an increased registered capital of RMB461,190 for a consideration of RMB30 million, which was determined through arm's length basis based on the valuation of the recent round of capital increase of Latticon Suzhou, taking into account factors including the target company's future R&D progress, business operations, profitability and development plans. As at the Latest Practicable Date, our Company has completed a total payment of RMB20 million to Latticon Suzhou, and the Post-TRP Investment has not yet closed. Prior to entering into this investment, our Company held 11.51% equity interest in Latticon Suzhou.

2 Representing our Company's total equity interests in the target company after the completion of the Post-TRP Investment.

Our Directors believe that the Post-TRP Investment will create synergy effect between the businesses of our Group and the target company and therefore optimize our business development, as Latticon Suzhou is engaged in business activities complementary with and closely related to the existing business of our Group. The Post-TRP Investment will be settled in cash by using our Company's internal resources. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the counterparties to the Post-TRP Investment and their respective ultimate beneficial owners are Independent Third Parties.

In light of the Post-TRP Investment, under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules, we are required to present in this document the financial information of the target company during the Track Record Period. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rules 4.04(2) and 4.04(4)(a) of the Listing Rules on the following basis:

1. The requested waiver would not prejudice the interests of the [REDACTED] to our Company

All applicable ratios of the Post-TRP Investment under Rule 14.07 of the Listing Rules are less than 5% by reference to the financial year ended December 31, 2025. To the best knowledge of our Company, the Post-TRP Investment is not subject to aggregation under Rule 14.22 of the Listing Rules. Accordingly, our Company does not expect the Post-TRP Investment will result in any significant change to our Company's financial position since December 31, 2025 and all information that is reasonably necessary for the [REDACTED] to make an informed assessment of our Company's financial position will be included in the document of our Company for the purpose of the [REDACTED]. In addition, we will use our internal resources to satisfy the cash consideration payable by us in relation to the Post-TRP Investment. As such, our Company considers that a waiver from compliance with the Rules 4.04(2) and 4.04(4)(a) of the Listing Rules would not prejudice the interests of the [REDACTED] to our Company.

2. It would be impracticable and unduly burdensome to reproduce this information for strict compliance with Rules 4.04(2) and 4.04(4)(a) of the Listing Rules

There were no available financial statements of the target company which are readily available for disclosure in this document in accordance with the Listing Rules as of the Latest Practicable Date. In addition, it would require considerable time and resources for our Company and its Reporting Accountants to fully familiarize themselves with the management accounting policies of the target company and compile the necessary financial information and supporting documents for disclosure in this document.

3. Alternative information has been provided in this document

We have provided, to the extent practicable, alternative information in relation to the target company in connection with the Post-TRP Investment, being information that would generally be required for a discloseable transaction under Chapter 14 of the Listing Rules.

[REDACTED]

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Dr. Yuan Jiandong (袁建棟)	No. 212 Ting Yuan, Ting Yuan Road, Gusu District, Suzhou, Jiangsu Province, PRC	Chinese
Ms. Tong Tong (仝彤)	Room 101, Building 8, China Merchants Qinsu Xi Garden, No. 15 Wangdun Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	Chinese
Mr. Li Kai (李凱)	Room 726, Building 1, Huating Menglifang, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	Chinese
Ms. Ding Nan (丁楠)	Room 905, Unit 2, Building 36, Yindong No. 8 Village, District 2, Wuzhong District, Suzhou, Jiangsu Province, PRC	Chinese
Dr. Shen Xincheng (沈新程)	27–1101, Yue Lan Garden, No. 88 Wei Xin Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	Chinese
Non-executive Directors		
Ms. Su Lei (蘇蕾)	Room 2002, Shishan Center, Huqiu District, Suzhou, Jiangsu Province, PRC	Chinese
Ms. Stephanie Yuan (袁芬妮)	Room 6D, Building A, West Bund Central Residences, Lane 889, Damuqiao Road, Xuhui District, Shanghai, PRC	American
Independent Non-executive Directors		
Dr. Cheng Zengjiang (程增江)	Room 308, 3rd Floor, Building 8, Yard 19, Jinsha West Street, Mentougou District, Beijing, PRC	Chinese
Dr. Xu Dongdong (許冬冬)	211 Dongxin Road, Wuzhong District, Suzhou, Jiangsu Province, PRC	Chinese
Ms. Wu Yinghua (吳英華)	Room 203, Building 9, Wharf Times Upper City Garden, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC	Chinese
Ms. Chen Xin (陳新)	Room 0271, Block 12, Hong Kong Parkview, 88 Tai Tam Reservoir Road, Hong Kong	Chinese (Hong Kong)

For further details regarding our Directors, please see "Directors and Senior Management."

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Huatai Financial Holdings (Hong Kong) Limited** 62/F, The Center 99 Queen's Road Central Hong Kong
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Legal Advisors to our Company	*as to Hong Kong and U.S. laws:* **Kirkland & Ellis** 26/F, Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong *as to PRC law:* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC *as to International Sanctions law:* **Hogan Lovells** 11th Floor, One Pacific Place 88 Queensway Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal Advisors to the Sole Sponsor and the [REDACTED]	*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:* **King & Wood** 28th Floor, China Resources Tower 2666 Keyuan South Road Nanshan District, Shenzhen Guangdong Province PRC
Auditor and Reporting Accountant	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Independent Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F, One Taikoo Place 979 King's Road Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10th Floor, B Block Jingan International Business Center 88 Puji Road Jingan District Shanghai PRC
Compliance Advisor	**First Shanghai Capital Limited** 19/F, Wing On House 71 Des Voeux Road Central Hong Kong
[REDACTED]	[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Building C25 Nano Science and Technology Park No. 218 Xinghu Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC
Head Office and Principal Place of Business in the PRC	Building C25-C28 Nano Science and Technology Park No. 218 Xinghu Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC
Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's Website	**www.bright-gene.com** *(Information contained in this website does not form part of this document)*
Joint Company Secretaries	Ms. Ding Nan (丁楠) Building C25 Nano Science and Technology Park No. 218 Xinghu Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC Ms. Ye Jiahong (叶嘉紅) *(a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Dr. Yuan Jiandong (袁建棟) Building C25 Nano Science and Technology Park No. 218 Xinghu Street Suzhou Industrial Park Suzhou, Jiangsu Province PRC

	Ms. Ye Jiahong (叶嘉紅) 31/F., Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Audit Committee	Ms. Wu Yinghua (吳英華) *(Chairperson)* Ms. Chen Xin (陳新) Dr. Cheng Zengjiang (程增江)
Nomination Committee	Dr. Cheng Zengjiang (程增江) *(Chairperson)* Dr. Xu Dongdong (許冬冬) Ms. Ding Nan (丁楠)
Remuneration and Appraisal Committee	Dr. Xu Dongdong (許冬冬) *(Chairperson)* Ms. Wu Yinghua (吳英華) Dr. Yuan Jiandong (袁建棟)
Strategy and ESG Committee	Dr. Yuan Jiandong (袁建棟) *(Chairperson)* Ms. Tong Tong (仝彤) Mr. Li Kai (李凱) Ms. Ding Nan (丁楠)
[REDACTED]	[REDACTED]
Principal Bank(s)	**China Merchants Bank,** **Suzhou Dushu Lake Sub-branch** No. 288, Qiyue Street Huqiu District Suzhou, Jiangsu Province PRC **Bank of Communications** **Suzhou Branch, Canglang Sub-branch** No. 628, Shizi Street Gusu District Suzhou, Jiangsu Province PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, [REDACTED] market research and other sources from independent suppliers, and from the independent industry report prepared by CIC. The information from official government sources has not been independently verified by us, the Sole Sponsor, [REDACTED], any of the [REDACTED], any of their respective directors and advisors, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

OVERVIEW OF THE API AND INTERMEDIATE MARKET

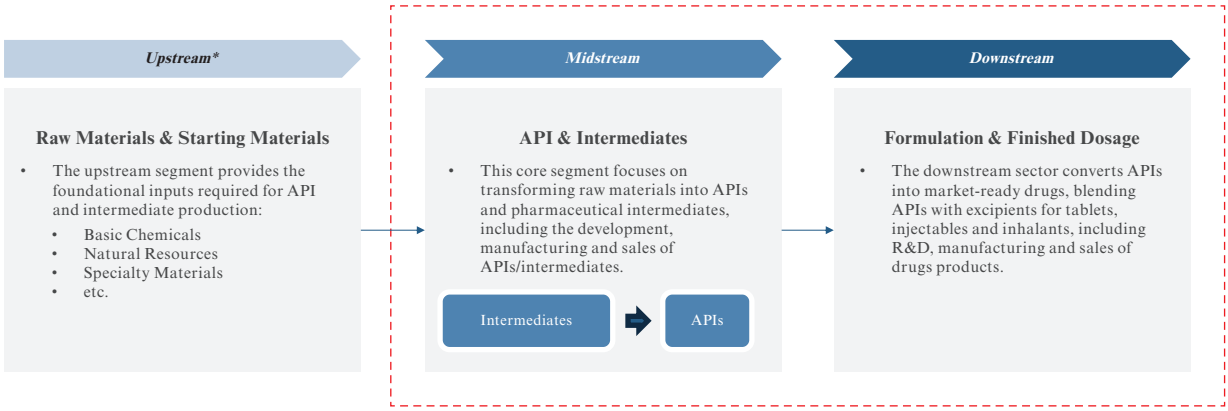
Active pharmaceutical ingredients (APIs) and pharmaceutical intermediates are fundamental elements in drug development and production. APIs are the biologically active substances that provide the intended therapeutic effects in pharmaceutical products, whereas intermediates are key chemical compounds generated through multi-step synthetic processes that ultimately lead to the production of APIs. Most APIs are produced via chemical synthesis, biocatalysis, chemocatalysis, or biofermentation techniques. These manufacturing methods are complemented by stringent purification procedures and quality control measures to ensure compliance with pharmacopeial standards and cGMP regulations. Additionally, biosynthetic methods, including synthetic biology-enabled microbial fermentation, are becoming increasingly important for the manufacture of structurally complex molecules.

Specialty APIs and intermediates are compounds tailored for the production of generic drugs that replicate branded medications approaching or having lost patent protection. In contrast to low-technical barrier bulk APIs, which are widely commoditized and manufactured in large volumes, specialty APIs demand advanced synthesis techniques and tightly controlled processes to ensure compliance with rigorous regulatory requirements for purity, stability, and bioequivalence. These compounds play a crucial role in enabling timely entry into the generic drug market post-patent expiry, although their development often involves overcoming complex patent landscapes and navigating intricate regulatory pathways. The Company's API/intermediate products fall within the specialty API and intermediate market.

Value Chain of the API and Intermediate Market

The API and intermediate industry value chain spans from the upstream supply of basic chemicals, through the midstream synthesis of APIs and intermediates, to the downstream formulation of finished drug products. Midstream players play a pivotal role in bridging this ecosystem. The following diagram illustrates the upstream, midstream, and downstream of the industry:

Value Chain of API and Intermediate Market



- - - - - -: the Company's target position

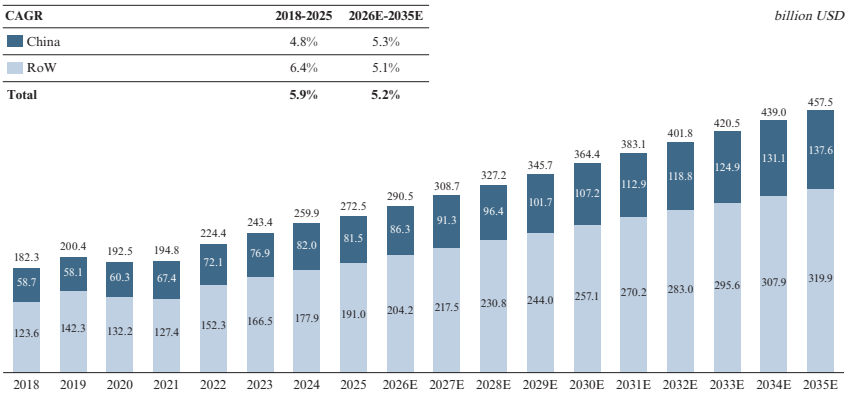
* The Company's key raw materials used in production during the Track Record Period primarily included (i) MCB, sorbitol, ANB, methyl oleate, phenylboronic acid and trifluoromethanesulfonic acid, which are primarily used in the production of echinocandin APIs and intermediates, and (ii) DF05 and dibromobutyric acid, primarily used in the production of oseltamivir APIs and intermediates. According to CIC, prices of most such key raw materials generally trended downward from 2018 to 2025, primarily due to increased competition among upstream suppliers. Looking forward, prices of such key raw materials may continue to fluctuate in response to market conditions, but are generally expected to stabilize. By contrast, labour costs in China's pharmaceutical manufacturing industry have generally trended upward in recent years. According to wage data published by the Ministry of Human Resources and Social Security of the PRC, the median annual wage of personnel in the pharmaceutical manufacturing industry increased at a CAGR of approximately 6.1% between 2018 and 2024. According to CIC, such increase was primarily attributable to overall wage growth and continued demand for labor in the pharmaceutical industry, and labor costs are expected to remain subject to upward pressure.

Source: China Medical Herald, CIC

Market Size of APIs and Intermediates

According to CIC, the global APIs and intermediate market was estimated at US$182.3 billion in 2018 and increased to US$272.5 billion in 2025. This market is expected to reach US$457.5 billion by 2035, with a CAGR of 5.2% from 2026 to 2035. China's API and intermediate market size was US$58.7 billion in 2018, which expanded with a CAGR of 4.8% to reach US$81.5 billion in 2025. This market is expected to reach US$137.6 billion in 2035, with a CAGR of 5.3% from 2026 to 2035. The following chart sets forth the global and China's API and intermediate market size between 2018 and 2035.

Global Market Size of APIs and Intermediates, 2018–2035E



Source: China Chamber of Commerce of Medicines & Health Products Importers & Exporters, National Bureau of Statistics of China, CIC

Entry Barriers to Specialty API and Intermediate Market

Entry barriers to the specialty API and intermediate market primarily include: (i) formidable technological hurdles, encompassing long-term R&D planning well ahead of patent expirations, complex industrial scale-up under strict stability and safety standards, as well as continuous process optimization for cost-effective and green manufacturing; (ii) stringent regulatory requirements, compelling new entrants to make substantial investments in compliance infrastructure to secure licenses and permits, ensure full adherence to cGMP, and pass periodic regulatory reassessments; (iii) escalating environmental and safety standards, which demand significant capital for advanced control infrastructure and increase operational complexity; and (iv) strong market lock-in effects, as pharmaceutical companies favor established, long-term supplier relationships to avoid the costly and time-consuming qualification and revalidation processes.

Growth Drivers and Future Trends of Specialty API and Intermediate Market

Growth drivers and future trends in the specialty API and intermediate market primarily include: (i) the accelerating expansion of the downstream pharmaceutical market, driven by structural global demographic trends and rising healthcare awareness, which continuously fuels the demand for high-quality APIs and intermediates; (ii) advancements in synthesis technologies, where the integration of green chemistry (e.g., enzymatic catalysis) and biological fermentation enables the highly efficient, sustainable, and precise production of complex molecules; (iii) accelerating patent expirations, coupled with global constraints on healthcare affordability, driving the rapid market penetration of high-barrier generics and surging the consumption of specialty APIs; (iv) the ongoing integration and optimization of the pharmaceutical value chain, as companies expand upstream and downstream to secure supply chain stability, enhance cost control, and maximize overall operational efficiency.

LIFE CYCLE OF GENERIC DRUG PRODUCTS

Generic drug products generally exhibit identifiable life cycle characteristics, and market dynamics typically evolve through four stages: introduction, growth, maturity and decline. The applicable life cycle stage of a product is influenced by a range of factors, including treatment demand, generic penetration, changes in clinical practice, pricing trends, competitive intensity, regulatory developments and the emergence of alternative therapies. Certain products may also exhibit specific demand characteristics — for example, products used to treat seasonal infectious diseases may experience periodic fluctuations in demand corresponding to changes in disease prevalence patterns. As APIs and intermediates are primarily manufactured for use in the production of finished drug products, their commercial performance is closely linked to, and generally mirrors, the life cycle dynamics of the corresponding finished drugs. For example, the inclusion of downstream finished drug products under the VBP schemes may also transmit pricing pressure upstream, adversely affecting the sales performance of APIs and intermediates as customers seek to lower their procurement costs. The following table sets out the life cycle characteristics for each of our Company's major marketed finished drug products, as well as the finished drug products into which the Company's APIs/intermediates are incorporated.

	Micafungin sodium	Oseltamivir phosphate	Caspofungin acetate	Anidulafungin*	Fidaxomicin*	Eribulin mesylate	Pimecrolimus*	Dalbavancin*
Originator First Approval	2002	1999	2001	2006	2011	2010	2001	2014
No. of Approved Generic Drugs**	Over 15	Over 50	Over 20	None	Three	Over 10	Over five	Four
Market Share of the Company's APIs/ Intermediates (2025)	33.3%	2.7%	20.4%	45.2%	9.4%	8.4%	16.6%	21.8%
Life Cycle Stage	Mature	Mature	Mature	Introductory	Introductory	Growth	Growth	Introductory
Key Market Characteristics	Stable demand; established antifungal clinical use; intensifying API supplier competition; formulation subject to VBP pricing pressure and competition from alternative antifungals	Seasonal demand (Q4/Q1 peak); inter-annual demand influenced by influenza season intensity; intensifying generic competition	Established first-line antifungal use; stable generic demand; downward pricing pressure from deepening generic penetration and procurement policies	Originator retains majority market share; ongoing generic penetration potential; stable demand from established antifungal use; pricing may be affected by increasing generic competition	Growing clinical recognition for *Clostridioides difficile* treatment; pace of generic development subject to competitive dynamics and timing of regulatory approvals	Expanding downstream formulation adoption; subject to increasing API supplier competition and competition from alternative oncology therapies	Expanding downstream formulation commercialization; intensifying pricing competition with additional approvals; potential VBP inclusion in China	Stable demand for antibiotic-resistant bacterial therapies; originator retains majority market share; ongoing generic penetration potential

* During the Track Record Period, the Company sold these products only in the form of APIs/intermediates, and not as finished dosage forms.

** As of the Latest Practicable Date.

OVERVIEW OF THE GLOBAL AND CHINA METABOLIC DISEASE MARKET

Metabolic diseases are conditions that interfere with the body's ability to process macronutrients (carbohydrates, fats, and proteins), often caused by deficiencies in hormones or enzymes. These disorders commonly present as elevated blood glucose, abnormal fat accumulation, high blood pressure, and imbalances in cholesterol or triglyceride levels. Because these conditions frequently interact to worsen symptoms and lead to serious comorbidities, they often require condition-specific treatment approaches. The global prevalence of metabolic diseases grew from 2,279.9 million in 2018 to 2,618.6 million in 2025, and is projected to reach 3,139.5 million in 2035. In China, the prevalence of metabolic diseases increased from 502.7 million in 2018 to 565.7 million in 2025 and is expected to reach 678.2 million in 2035.

Disease Burden and Clinical Challenges Associated with Metabolic Diseases

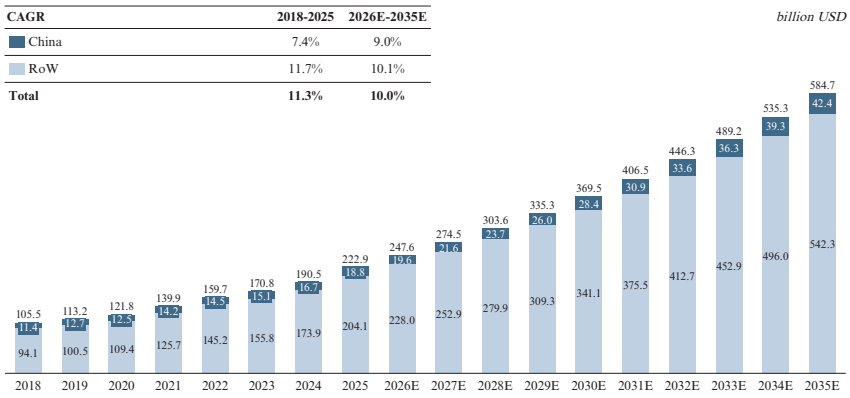
Type 2 diabetes mellitus (T2DM) and obesity are expected to further elevate the risks of atherosclerosis, heart failure, and other cardiovascular events, leading to a high prevalence of comorbid cardiovascular diseases. In addition, diabetes remains one of the primary risk factors for chronic kidney disease (CKD). There remains a significant unmet clinical need among patients who do not adequately respond to monotherapy or require therapies with reduced hypoglycemia risk. Multi-mechanism therapeutic strategies are increasingly necessary to achieve optimal clinical outcomes. Currently, once-weekly GLP-1 receptor agonists and once-weekly insulin products have been approved. In addition, GLP-1/insulin fixed-dose combination therapies are under development. The combination of basal insulin with GLP-1 receptor agonists has demonstrated the potential to enhance glycemic control while minimizing adverse effects.

Market Size of Metabolic Disease Drug

The following chart illustrates the global and China metabolic disease drug market.

Global Market Size of Metabolic Diseases, 2018–2035E

CAGR	2018-2025	2026E-2035E
China	7.4%	9.0%
RoW	11.7%	10.1%
Total	**11.3%**	**10.0%**



Source: American Diabetes Association, Chinese Diabetes Society, CIC

Entry Barriers to the Metabolic Disease Market

The metabolic disease market presents significant barriers to entry, primarily characterized by: (i) high R&D complexity, which requires designing multi-target molecules with balanced efficacy and safety, overcoming formulation challenges for oral peptides, and conducting lengthy multi-center trials to generate robust head-to-head evidence against approved therapies; (ii) substantial capital requirements spanning early-stage research to commercialization, driven by the costs of large-scale clinical recruitment, establishing compliant manufacturing facilities, and sustaining continuous marketing efforts; and (iii) critical market access hurdles following regulatory approval, including

the necessity of securing favorable pricing and reimbursement in government insurance programs, building specialized sales and medical affairs teams to engage prescribing physicians, and managing compliant online and offline distribution channels.

Growth Drivers for the Metabolic Disease Market

The rapid expansion of the metabolic disease market is primarily driven by: (i) the rising global prevalence of T2DM and obesity due to lifestyle changes, which creates an urgent and sustained demand for effective therapies; (ii) technological advancements in next-generation GLP-1 therapies, particularly multi-target mechanisms and oral formulations that significantly enhance efficacy and patient adherence; and (iii) the continuous expansion of therapeutic indications, as clinical research validates the potential of these agents in treating hepatic steatosis, cardiovascular diseases, and neurodegenerative disorders such as Alzheimer's and Parkinson's disease. Furthermore, the market is fueled by elevated public health awareness and government initiatives, notably China's "Year of Weight Management" implementation plan (《「體重管理年」活動實施方案》), which officially validates medical intervention for obesity. Additionally, National Major Science and Technology Projects Policy and regional policies across China, such as Several Opinions of the General Office of Shanghai Municipal People's Government on Supporting the Full-chain Innovative Development of the Biomedical Industry (《上海市人民政府辦公廳關於支持生物醫藥產業全鏈條創新發展的若干意見》), provide full-value-chain support for metabolic innovative drugs, accelerating their progression from R&D to commercialization.

Future Trends of the Metabolic Disease Market

The future trends of the metabolic disease market are expected to be driven by continuous innovation, specifically: (i) the exploration of next-generation modalities, evolving from single-target (e.g., GLP-1) or dual-target (e.g., GLP-1/GIP) to multi-target agonists while optimizing delivery methods, such as oral formulations and long-acting injectables, to enhance efficacy and patient adherence; (ii) the establishment of GLP-1 as a foundational pathway for multimorbidity management, where "GLP-1 + X" combination strategies (e.g., GLP-1 with insulin) offer superior outcomes without added hypoglycemia risk, expanding treatments to broader indications, including obstructive sleep apnea (OSA), metabolic dysfunction-associated steatohepatitis (MASH), and CKD; and (iii) China's growing prominence in the global innovation landscape, evidenced by robust domestic R&D capabilities and the successful out-licensing of promising GLP-1 assets to the global market.

Key Therapeutic Areas within the Metabolic Disease Market

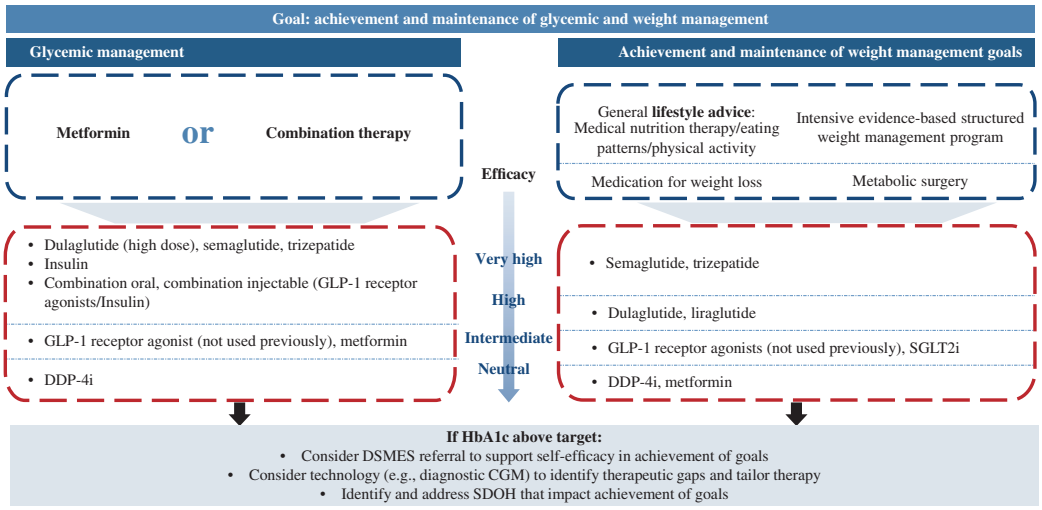
Overview of T2DM Drug Market

Diabetes is a long-term metabolic condition characterized by abnormally elevated blood sugar (glucose) levels. There are two primary forms of diabetes. While Type 1 diabetes (T1DM) is an autoimmune disorder in which the immune system destroys insulin-producing β-cells, T2DM results from the body's inability to produce enough insulin or effectively utilize it, leading to glucose accumulation in the bloodstream. T2DM accounts for around 90% of all cases of diabetes. The symptoms of T2DM include: frequent urination, excessive thirst and fluid intake, fatigue, blurred vision, abnormal weight loss and increased hunger, and non-healing wounds. Approximately 66.8% of T2DM patients in China have chronic comorbid condition, and the average number of chronic comorbidities per patient is 2.17.

The global prevalence of T2DM grew from 486.3 million in 2018 to 552.0 million in 2025, and is projected to reach 632.5 million in 2035. In China, the prevalence of T2DM increased from 115.1 million in 2018 to 129.8 million in 2025 and is expected to reach 143.9 million in 2035.

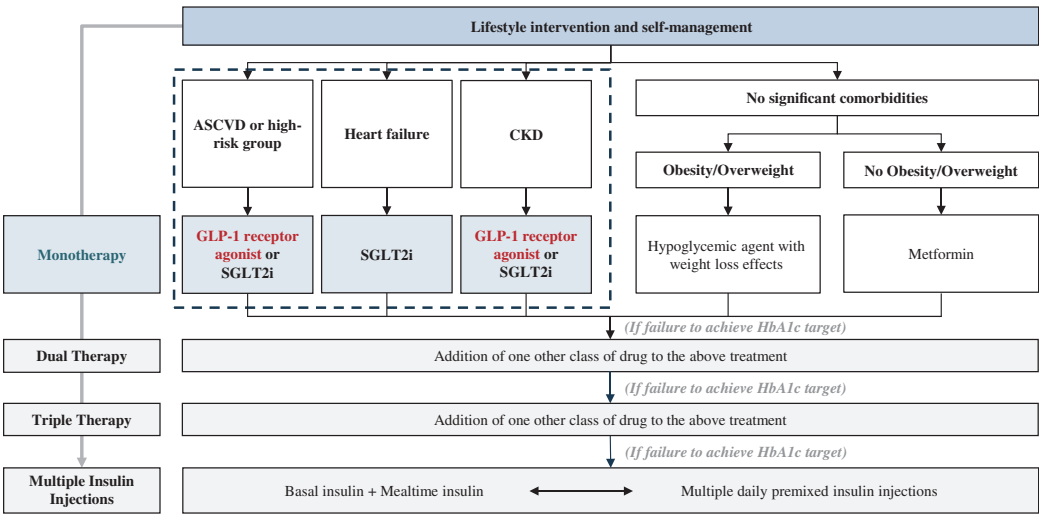
Treatment Paradigm for T2DM

The treatment paradigm for T2DM is mainly based on insulin therapy and antidiabetic medications. In January 2023, the FDA approved label update for semaglutide, allowing its use as first-line treatment for adults with T2DM. The following chart sets forth the treatment paradigm for T2DM according to American Diabetes Association ("**ADA**"):



Source: American Diabetes Association, CIC

In China, GLP-1 receptor agonists are recognized in clinical guidelines as a recommended medication class for dual therapy in T2DM patients with elevated HbA1c levels and coexisting conditions, demonstrating positive results in clinical trials and real-world practice. The chart below outlines the treatment paradigm for T2DM based on the China Guidelines for the Prevention and Treatment of Type 2 Diabetes (2024 edition):



Abbreviations: HbA1c = glycated hemoglobin; ASCVD = atherosclerosis cardiovascular disease; CKD = chronic kidney disease

Source: China Guidelines for the Prevention and Treatment of Type 2 Diabetes (2024 edition), CIC

The table below outlines the eight major classes of drugs commonly used in the treatment of T2DM. Among them, GLP-1 receptor agonists have increasingly demonstrated broad advantages over other drug classes, which are often constrained by limited long-term efficacy, adverse side effects, and complex safety profiles.

Major T2DM Drug Classes

Drug Class	*Mechanism of Action*	*Blood glucose control*	*Hypoglycemia risk*	*Weight loss*	*CV effects*		*Renal effects*	*Common adverse reaction*
					MACE	*HF*	*DKD*	
GLP-1 receptor agonist	• Activate GLP-1 receptor, increase insulin secretion, decrease glucagon secretion • Sometimes combined with agonists targeting GCGR and/or GIPR	High to very high	×	High	Benefit	Neutral	Benefit on CVOT measured by Albuminuria	GI effects
Metformin	• Decrease in hepatic glucose production; increase in muscle insulin sensitivity by activating AMPK	High	×	Neutral	Potential benefit	Neutral	Neutral	GI effects
TZDs	• Bind PPAR-γ, decrease insulin resistance and increase glucose utilization	High	×	Gain	Potential benefit: pioglitazone	Increased risk	Neutral	Edema
Sulfonylureas	• Stimulates beta cell insulin secretion	High	√	Gain	Neutral	Neutral	Neutral	Hypoglycemia
DPP-4i	• Prevent degradation of GLP-1	Intermediate	×	Neutral	Neutral	Neutral (potential risk: saxagliptin)	Neutral	N/A
SGLT2i	• Prevent glucose reabsorption and facilitate its excretion in urine by inhibiting SGLT-2	Intermediate to high	×	Intermediate	Benefits shown by selected SGLT2is	Benefits shown by selected SGLT2is	Benefits shown by selected SGLT2is	Urinary tract infection
Insulin	• Stimulate glycogen synthesis, increase glycolysis and glucose transport, inhibit glycogenolysis, gluconeogenesis, andglucagon secretion	High to very high	√	Gain	Neutral	Neutral	Neutral	Hypoglycemia
GKA	• Acts as a glucose sensor, triggering counter regulatory responses following a change in glucose levels to aid restoration of normoglycemia.	High	×	Neutral	N/A	N/A	Neutral	N/A

Note: CV = cardiovascular, MACE = major adverse cardiovascular events, HF = heart failure

Source: American Diabetes Association, CIC

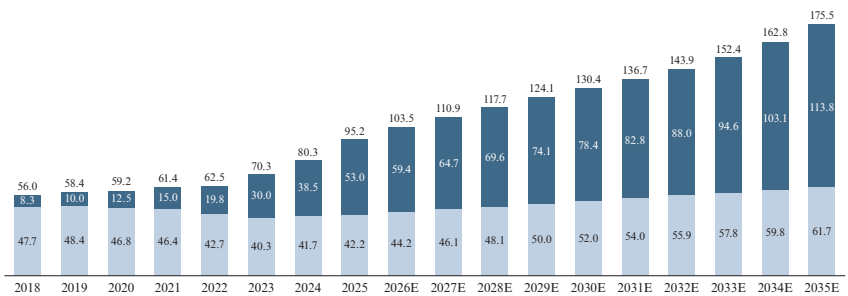
Market Size of T2DM Drugs

In recent years, the advancement of GLP-1 receptor agonists has transformed the management of metabolic disorders, especially T2DM, leading to their growing dominance in the T2DM treatment market. The chart below presents the global market size for T2DM drugs, with a breakdown between GLP-1 receptor agonists and other drug categories.

Global Market Size of T2DM Drugs, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	30.3%	7.5%
Others	-1.7%	3.9%
Total	**7.9%**	**6.0%**

billion USD



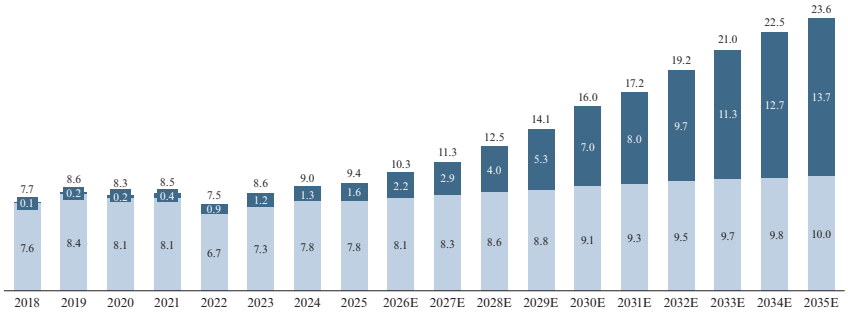
Source: WHO, The Lancet, ADA, CIC

Driven by the comprehensive clinical benefits demonstrated in clinical trials, GLP-1 receptor agonists are poised for rapid expansion in China. While current market penetration remains limited due to their late market entry and relatively high cost, this presents a massive untapped opportunity for future growth. The chart below outlines the market size of T2DM drugs in China, with a breakdown between GLP-1 receptor agonists and other drug categories.

Market Size of T2DM Drugs in China, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	48.7%	22.6%
Others	0.4%	2.4%
Total	**3.0%**	**9.7%**

billion USD



Source: The Lancet, CIC

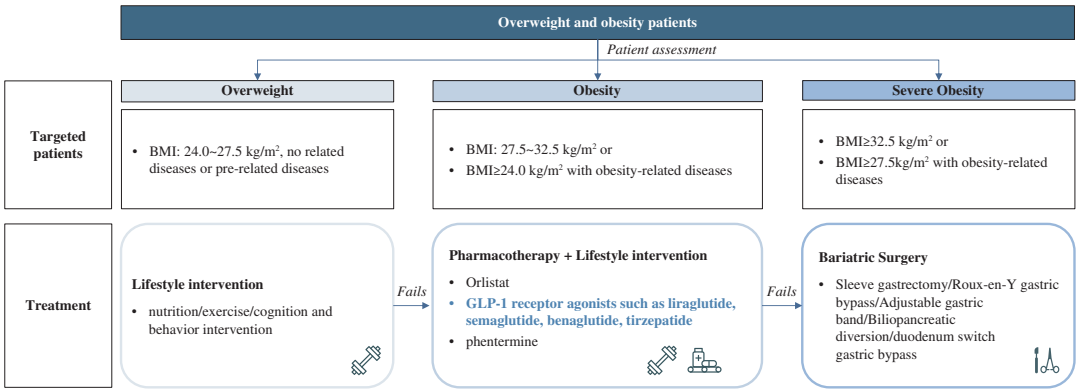
Overview of Obesity/Overweight Drug Market

Obesity is a chronic medical condition marked by excessive or abnormal fat accumulation, which significantly contributes to a broad spectrum of health issues, including cardiovascular diseases, T2DM, musculoskeletal disorders, and cancer development. Body mass index (BMI), calculated from an individual's height and weight, is widely used as an indicator of body fat levels. According to the WHO criteria, a BMI over 25 kg/m^2 classifies an individual as overweight, while a BMI exceeding 30 kg/m^2 denotes obesity. In China, the thresholds are slightly lower, with overweight defined as a BMI above 24 kg/m^2 and obesity as a BMI above 28 kg/m^2. Individuals surpassing these BMI benchmarks represent the target population for therapeutic interventions.

Obesity can independently cause or worsen a variety of health issues, often in synergy with other conditions. It notably increases the risk of cardiovascular diseases, particularly heart failure and coronary artery disease, as well as osteoarthritis, a debilitating disorder affecting the joints. Furthermore, obesity is closely linked to prediabetes, T2DM, and certain malignancies. The global prevalence of obesity/overweight grew from 2,180.3 million in 2018 to 2,696.6 million in 2025, and is projected to reach 3,426.7 million in 2035. In China, the prevalence of obesity/overweight increased from 495.7 million in 2018 to 664.0 million in 2025 and is expected to reach 847.5 million in 2035.

Treatment Paradigm for Obesity and Overweight

Obesity and overweight call for the development of personalized treatment and follow-up strategies tailored to the specific needs of different patient groups. The following chart sets forth the treatment paradigm for obesity and overweight:



Source: Standards of Care in Overweight and Obesity-2025, Guideline for the Diagnosis and Treatment of Obesity (2024 Edition), CIC

Data shows that the penetration rate of bariatric surgery remains extremely low, leaving a significant treatment gap. In 2025, for example, only around 32,000 bariatric surgeries were performed in China, representing approximately 0.01% of the total obesity population. The stark gap indicates substantial growth potential in the obesity/overweight treatment market.

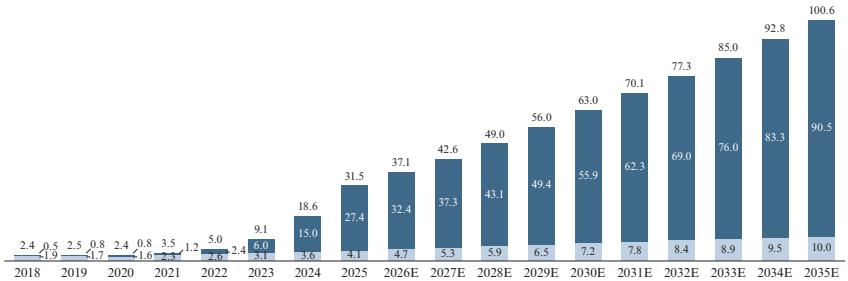
Market Size of Obesity/Overweight Drugs

With ongoing advancements in innovative therapies and rising clinical demand, the global obesity/overweight drug market has experienced substantial growth in recent years and is projected to expand at an accelerated rate. The chart below illustrates the global market size for obesity/overweight drugs, with a breakdown between GLP-1 receptor agonists and other drug categories.

Global Market Size of Obesity/Overweight Drugs, 2018–2035E

CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	75.0%	12.1%
Others	12.0%	8.8%
Total	**44.5%**	**11.7%**

billion USD



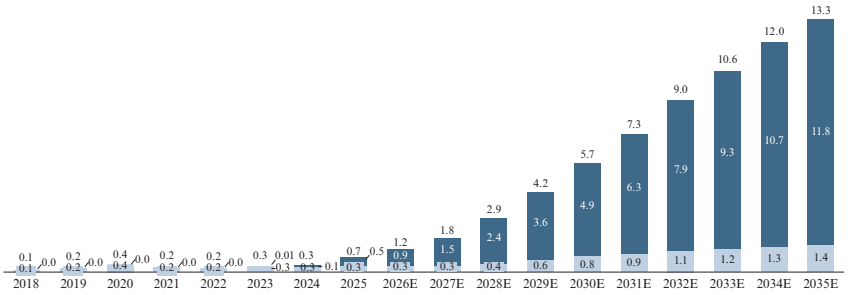
Source: World Obesity Atlas, WHO, CIC

The obesity/overweight drug market in China emerged relatively recently, yet holds substantial growth potential in the coming years. The chart below presents the market size of obesity/overweight drugs in China, with a breakdown between GLP-1 receptor agonists and other drug categories. In

2023, it was estimated that only 0.01% of obesity patients in China were treated with GLP-1 receptor agonists, following the NMPA's initial approval of this therapeutic option for obesity treatment in 2022.

Market Size of Obesity/Overweight Drugs in China, 2018–2035E

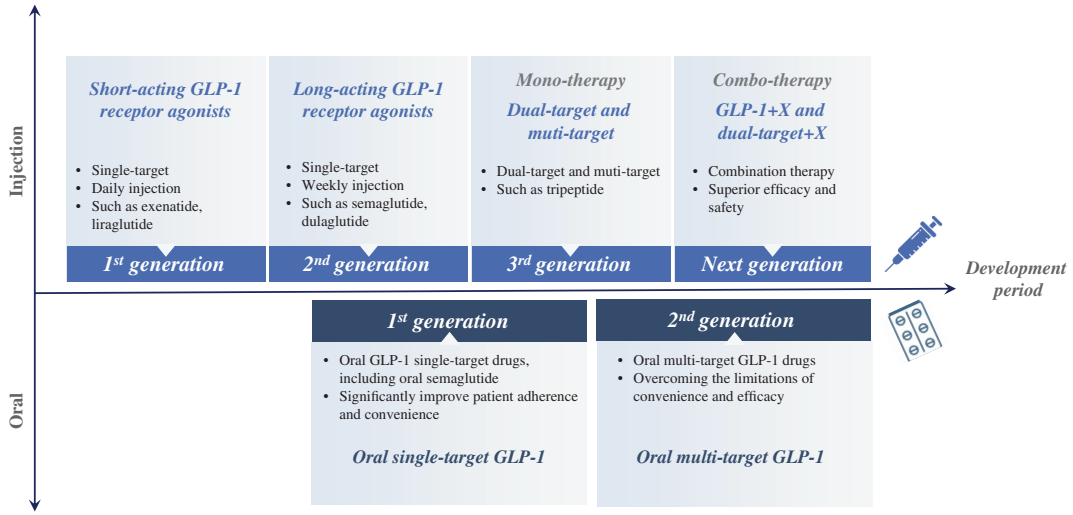
CAGR	2018-2025	2026E-2035E
GLP-1 receptor agonist	/	33.4%
Others	15.1%	20.3%
Total	**32.8%**	**31.1%**



Source: World Obesity Atlas, CIC

Overview of GLP-1 Therapies

The development of GLP-1 therapies can be divided into two main pathways: injectable and oral dosage forms. The following chart illustrates the evolution of GLP-1 therapies:



Source: American Diabetes Association, Chinese Diabetes Society, CIC

Injectable GLP-1 receptor agonists have evolved from short-acting, single-target agents requiring frequent administrations to long-acting formulations that enable once-weekly or longer dosing and greatly improve adherence. Dual- and multi-agonists have combined GLP-1 with other pathways to achieve superior glucose control, weight reduction, and metabolic benefits. Combination therapies, including GLP-1 receptor agonists with agents like amylin analogs, represent the next step toward more comprehensive metabolic regulation.

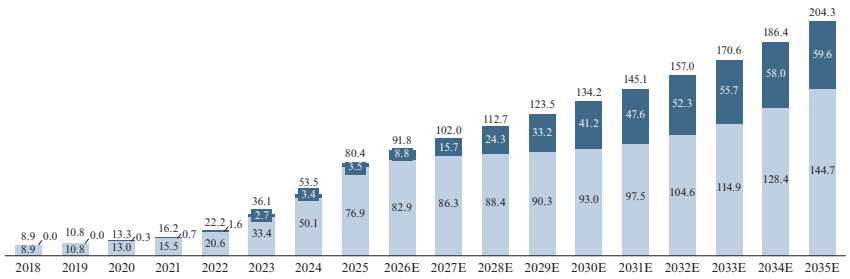
Oral GLP-1 therapies follow a similar path, progressing from single-target agents to dual- and multi-agonists. Current research focuses on multi-target oral agonists that deliver synergistic efficacy, expand therapeutic indications, and further enhance patient convenience and treatment experience.

Market Size of GLP-1 Receptor Agonists

The global GLP-1 receptor agonist market is experiencing substantial and rapid growth, driven by surging demand for effective T2DM and obesity treatments. The market in China is poised for significant expansion, fueled by the rising prevalence of metabolic diseases and growing healthcare awareness. Meanwhile, next-generation dual agonists and combination therapies represent the new frontier, offering superior glycemic control and weight loss compared to early single-target agents. The charts below present the market size of GLP-1 receptor agonists globally and in China, with a breakdown between injectable and oral dosage forms.

Global Market Size of GLP-1 Receptor Agonists, 2018–2035E

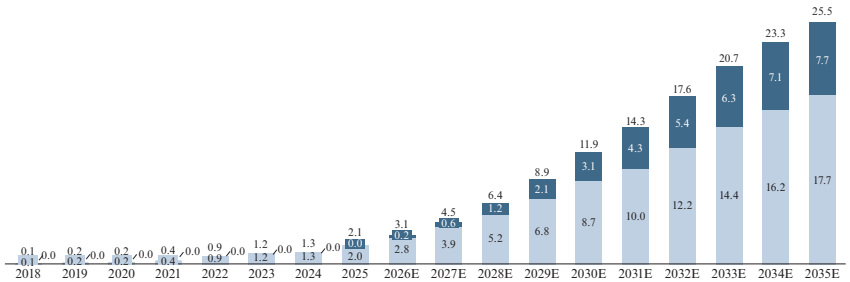
CAGR	2018-2025	2026E-2035E
Oral	–	23.7%
Injection	36.1%	6.4%
Total	**37.0%**	**9.3%**



Source: Annual Report, FDA, CIC

Market Size of GLP-1 Receptor Agonists in China, 2018–2035E

CAGR	2018-2025	2026E-2035E
Oral	–	46.9%
Injection	53.7%	22.6%
Total	**54.1%**	**26.5%**



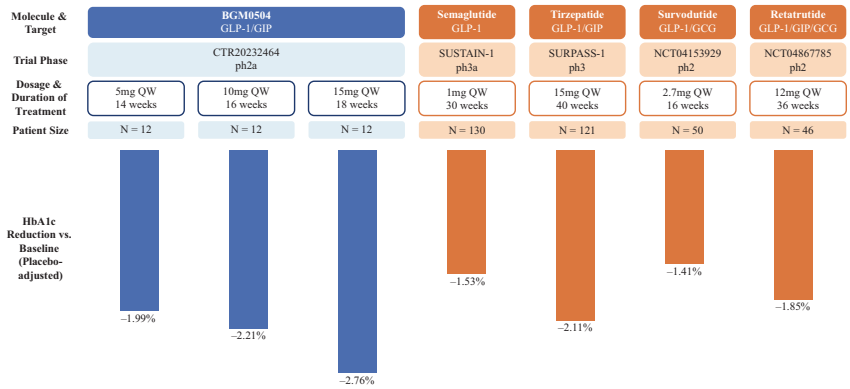
Source: Annual Report, NMPA, CIC

Clinical Advantages of GLP-1/GIP Dual Agonists

Compared to conventional treatments and single-receptor agonists, GLP-1/GIP dual agonists have demonstrated superior clinical efficacy in glycemic control and weight reduction. The following table summarizes the key therapeutic advantages of GLP-1/GIP dual agonists against major competitive drug classes for T2DM and obesity/overweight:

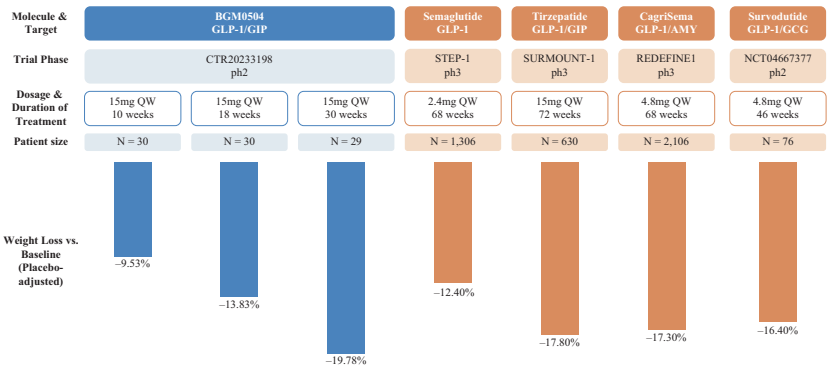
Dimension	GLP-1/GIP Dual Agonists	GLP-1 Mono-agonists	SGLT2 Inhibitors	Metformin	Orlistat
Glucagon Regulation	**Glucose-dependent modulation** — suppresses glucagon under hyperglycemia while preserving counter-regulation at low glucose.	**Glucose-dependent suppression** — reduces glucagon secretion when blood glucose is elevated.	**Compensatory elevation** — may increase glucagon as a secondary response to glycosuria and metabolic adaptation.	**Indirect glucoregulatory effect** — lowers hepatic glucose output without directly targeting glucagon secretion.	**No direct regulation** — does not directly affect glucagon secretion.
Effects on Fat Metabolism	**Enhanced fat-reduction effect** — supports greater reductions in adiposity and ectopic fat accumulation.	**Indirect fat-reduction effect** — reduces body fat mainly through lower food intake and sustained weight loss.	**Caloric loss effect** — promotes fat reduction through urinary glucose excretion and net energy loss.	**Metabolic regulation effect** — improves lipid metabolism through enhanced insulin sensitivity.	**Fat absorption inhibition effect** — reduces dietary fat absorption and increases fecal fat excretion.
Overall Metabolic Efficacy	**High overall efficacy** — strong effects on glycemic control and body-weight reduction.	**Proven efficacy** — effective for glycemic control and clinically meaningful weight reduction.	**Established cardiorenal-metabolic efficacy** — improves glycemic control with cardiovascular, heart-failure and renal benefits.	**Foundational antihyperglycemic efficacy** — effective first-line therapy for glycemic control and insulin sensitization.	**Moderate weight-management efficacy** — supports weight reduction through reduced fat absorption.
Cardiovascular Profile	**Potential benefit profile** — may improve cardiovascular risk through broad metabolic benefits.	**Demonstrated benefit profile** — several agents reduce major adverse cardiovascular events.	**Strong benefit profile** — reduces heart-failure hospitalization and improves cardiovascular outcomes.	**Potential risk-reduction profile** — may offer cardiovascular benefit in certain populations.	**Limited direct benefit profile** — indirect improvement mainly through weight reduction.

The diagrams below present a non-head-to-head comparison between our Company's BGM0504 and marketed and clinical-stage GLP-1 agonists for the treatment of T2DM and obesity/overweight, based on information publicly available.



* *Placebo-adjusted HbA1c reduction from baseline: BGM0504 vs reference drugs at maximum doses (non head-to-head comparison)*

Source: ClinicalTrials.gov, CIC



* *Placebo-adjusted weight loss from baseline: BGM0504 vs reference drugs at maximum doses (non head-to-head comparison)*

Source: ClinicalTrials.gov, EASD 2025, CIC

Competitive Landscape of GLP-1/GIP Dual Agonists for T2DM

There was only one GLP-1/GIP dual-target drug, tirzepatide, approved for T2DM globally and in China as of the Latest Practicable Date, as illustrated below.

FDA-approved GLP-1/GIP Dual Agonist Indicated for T2DM

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost
Tirzepatide	Mounjaro®	GLP-1/GIP	Injection	Eli Lilly(1)	2022-05-13	~USD 1,000

NMPA-approved GLP-1/GIP Dual Agonist Indicated for T2DM

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost	NRDL Status
Tirzepatide	Mounjaro® 穆峰達®	GLP-1/GIP	Injection	Eli Lilly(1)	2024-05-15	~RMB 1,300	NRDL included

Note:

(1) A U.S.-based company founded in 1876 and listed on the New York Stock Exchange (ticker symbol: LLY). The company focuses on innovative drugs in diabetes, oncology and neurological disease, with over 50,000 employees worldwide and R&D centers across eight countries as of December 31, 2025.

Source: FDA, NMPA, CIC

As of the Latest Practicable Date, there were over 10 clinical-stage GLP-1/GIP dual agonists being developed in injectable formulation for T2DM, seven of which were at Phase 3 stage or beyond, as illustrated below.

Injectable GLP-1/GIP Dual Agonists For T2DM Under Clinical Development Globally (Phase 3 or Beyond)

Drug Name	Target	Company	Phase	Indication	Administration	First Posted Date	Trial Location
HRS9531	GLP-1/GIP	Hengrui Pharmaceutical(1)	3	T2DM	Injection	2024-10-18	China
BGM0504	**GLP-1/GIP**	**Our Company**	**3**	**T2DM**	**Injection**	**2024-11-29**	**Global**
AMG 133	GLP-1/GIP	Amgen(2)	3	T2DM	Injection	2025-03-05	Global
VK2735	GLP-1/GIP	Viking Therapeutics(3)	3	T2DM	Injection	2025-08-05	Global, ex-China
RAY1225	GLP-1/GIP	Raynovent(4)	3	T2DM	Injection	2025-08-08	China
HS-20094	GLP-1/GIP	Hansoh Pharmaceutical(5)	3	T2DM	Injection	2025-08-28	China
HDM1005	GLP-1/GIP	Zhongmei Huadong Pharmaceutical(6)	3	T2DM	Injection	2026-02-03	China

Notes:

(1) A China-based company founded in 1970 and listed on the Shanghai Stock Exchange (stock code: 600276) and the Stock Exchange (stock code: 1276). The company focuses on innovative drugs in oncology, metabolic and cardiovascular diseases, immunology and respiratory diseases, as well as neuroscience, with over 20,000 employees and approximately 15 R&D centers globally as of December 31, 2025.

(2) A U.S.-based company founded in 1980 and listed on NASDAQ (ticker symbol: AMGN). The company focuses on innovative drugs in oncology, autoimmune diseases, cardiovascular diseases, kidney disorders, inflammation, and rare diseases, with over 23,000 employees as of December 31, 2025 and an extensive global network for research, development, and manufacturing.

(3) A U.S.-based company founded in 2012 and listed on NASDAQ (ticker symbol: VKTX). The company focuses on the development of innovative small molecules and biologics, primarily targeting metabolic and endocrine diseases, with over 50 employees as of December 31, 2025.

(4) A China-based company founded in 2018. The company focuses on innovative drugs in the respiratory and metabolic diseases, with over 50 employees as of December 31, 2025. It is a subsidiary of Zhongsheng Pharmaceutical, a company listed on the Shenzhen Stock Exchange (stock code: 002317).

(5) A China-based company founded in 1995 and listed on the Stock Exchange (stock code: 3692). The company focuses on oncology, anti-infectives, CNS diseases, metabolic diseases, and cardiovascular diseases, with over 10,000 employees and four R&D centers established in China and the U.S. as of December 31, 2025.

(6) A China-based company founded in 1992. The company focuses on innovative drugs in transplant immunology, endocrinology, oncology, and metabolic diseases, with over 1,900 employees as of December 31, 2025. It is a subsidiary of Huadong Medicine, a company listed on the Shenzhen Stock Exchange (stock code: 000963).

Source: ClinicalTrials.gov, CDE, CIC

Competitive Landscape of GLP-1/GIP Dual Agonists for Obesity/Overweight

There was only one GLP-1/GIP dual agonist, tirzepatide, approved for obesity/overweight globally and in China as of the Latest Practicable Date, as illustrated below.

FDA-approved GLP-1/GIP Dual Agonist Indicated for Obesity/Overweight

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost
Tirzepatide	Zepbound®	GLP-1/GIP	Injection	Eli Lilly	2023-11-08	~USD 1,000

NMPA-approved GLP-1/GIP Dual Agonist Indicated for Obesity/Overweight

Drug Name	Brand Name	Target	Administration	Company	Approval Date	Monthly Cost	NRDL Status
Tirzepatide	Mounjaro® 穆峰達®	GLP-1/GIP	Injection	Eli Lilly	2024-07-23	~RMB 1,300	Not included

Source: FDA, NMPA, CIC

As of the Latest Practicable Date, there were over 20 clinical-stage GLP-1/GIP dual agonists being developed for obesity/overweight, eight of which were at Phase 3 stage or beyond, as illustrated below.

GLP-1/GIP Dual Agonists For Obesity/Overweight Under Clinical Development Globally (Phase 3 or Beyond)

Drug Name	Target	Company	Phase	Indications	Administration	First Posted Date	Trial Location
HRS9531	GLP-1/GIP	Hengrui Pharmaceutical	NDA submitted	Obesity/overweight	Injection	2025-09-02	China
	GLP-1/GIP		2	Obesity/overweight	Oral	2024-05-30	China
BGM0504	**GLP-1/GIP**	**Our Company**	**3**	**Obesity/overweight**	**Injection**	**2024-10-31**	**Global**
			1	**Obesity/overweight**	**Oral**	**2025-09-17**	**Global**
HS-20094	GLP-1/GIP	Hansoh Pharmaceutical	3	Obesity/overweight	Injection	2024-10-31	China
AMG 133	GLP-1/GIP	Amgen	3	Obesity/overweight	Injection	2025-03-05	Global
RAY1225	GLP-1/GIP	Raynovent	3	Obesity/overweight	Injection	2025-06-18	China
VK2735	GLP-1/GIP	Viking Therapeutics	3	Obesity/overweight	Injection	2025-08-05	Global, ex-China
			2	Obesity/overweight	Oral	2025-02-14	US
HDM1005	GLP-1/GIP	Zhongmei Huadong Pharmaceutical	3	Overweight/obesity	Injection	2025-09-24	China
KAI-9531 (HRS9531)	GLP-1/GIP	Kailera Therapeutics	3	Overweight/obesity	Injection	2025-12-16	Global, ex-China
RO7795068	GLP-1/GIP	Roche	3	Overweight/obesity	Injection	2026-01-20	Global

Source: ClinicalTrials.gov, CDE, CIC

Market Opportunities for Oral GLP-1 Receptor Agonists

Despite the clinical success, currently approved GLP-1 receptor agonists face limitations, including low bioavailability, high pill burden, and reduced efficacy versus injectable forms, which creates substantial opportunities for next-generation oral dosage forms.

Enhancing Oral Bioavailability: Peptide therapeutics like GLP-1 receptor agonists face structural and physiological barriers of the gastrointestinal tract — specifically, extensive degradation by stomach acids and proteolytic enzymes, as well as poor permeability across the gastrointestinal mucosa. Innovative formulation technologies and delivery systems could significantly improve absorption rates, creating competitive advantages for new entrants.

Expanding Market Access: Non-invasive oral medications capitalize on strong patient preference. With up to 40% of patients discontinuing injectable GLP-1s due to injection fatigue or needle fear, oral alternatives are uniquely positioned to improve adherence and capture a vast underserved market.

Overview of Amylin Analogs

Amylin (or islet amyloid polypeptide, IAPP) is a 37-amino-acid neuroendocrine peptide hormone that is synthesized, stored, and co-secreted with insulin by pancreatic β-cells in response to nutrient intake, regulating both blood glucose and body weight. It improves glycemic control by suppressing postprandial glucagon secretion, which in turn reduces glucagon-driven glucose production in the liver through both gluconeogenesis and glycogenolysis. Simultaneously, amylin drives weight loss by promoting satiety and modulating the brain's mesocorticolimbic reward system to reduce impulsive eating and overall caloric intake.

Amylin analogs represent a distinct therapeutic class that offers unique advantages in the treatment of diabetes and obesity/overweight, particularly when used in combination with GLP-1 receptor agonists. Notably, these analogs demonstrate improved gastrointestinal tolerability,

presenting lower incidence and severity of gastrointestinal side effects — such as nausea and vomiting — especially when dosage is gradually increased. Furthermore, amylin-mediated weight loss minimizes lean muscle loss, yielding superior body composition by preferentially targeting fat mass and avoiding the metabolic compromises of simple calorie restriction.

Currently, no long-acting amylin analogs have been approved globally. As of the Latest Practicable Date, there were over 15 clinical-stage long-acting amylin analog candidates for obesity/overweight.

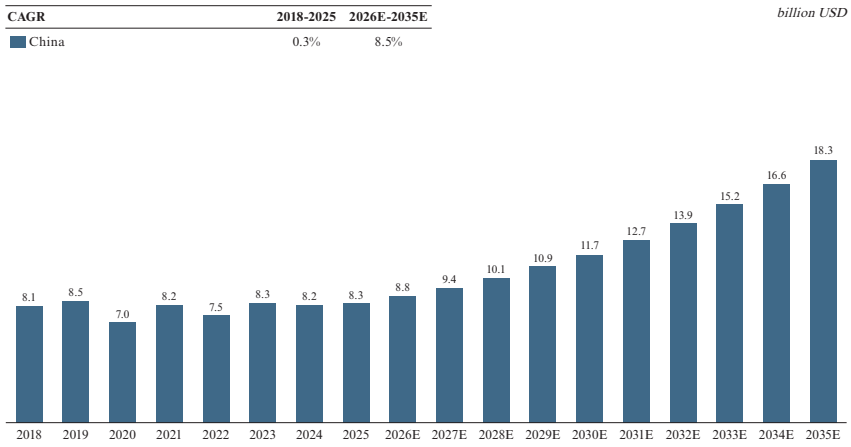
OVERVIEW OF THE RESPIRATORY DISEASE MARKET IN CHINA

Respiratory diseases are conditions that affect the lungs and other parts of the respiratory system, impacting the ability to breathe. Respiratory diseases can manifest with various symptoms, including coughing, shortness of breath, wheezing, chest pain, and fatigue. Common respiratory diseases include asthma, chronic obstructive pulmonary disease (COPD), and pneumonia.

Market Size of Respiratory Disease Drug

Fueled by the high prevalence of respiratory conditions, an aging population, and rising exposure to environmental pollutants, China's respiratory disease drug market reached US$8.3 billion in 2025 and is projected to rise to US$18.3 billion in 2035, reflecting a CAGR of 8.5%. The chart below shows the market size of respiratory disease drugs market in China.

Market Size of Respiratory Disease Drugs in China, 2018–2035E



Source: National Bureau of Statistics of China, CIC

Overview of Respiratory Inhalation Product Market

Inhalation products are often describe as drug-device combinations and refer to dosage forms designed for the direct application of drugs into the lungs, primarily used for treating respiratory diseases like asthma and COPD, which minimizes systemic side effects. Compared to injections,

inhalation products are easier for patients to use. Compared to oral forms, they act directly on the lungs and avoid metabolism during initial absorption in the digestive system, which can reduce drug efficacy. The following chart illustrates the key differentiating features of inhalation products:

Comparison Between Inhalation Products and Other Administration Routes

Item	Inhalation	Oral	Injection
Ease of Use	Moderate, requires coordination between actuation and inhalation	Simple	Difficult for patients to self-administer
Application	Suitable for both hospital and home use	Mostly used at home	Primarily used in hospitals
Dosage	Relatively small	Relatively large	Relatively small
Targeting	Acts directly on the lungs with high targeting specificity	Metabolized through the digestive system, reducing efficacy	Enters systemic circulation, with higher risk of side effects
Onset of Action	Rapid	Slow	Rapid

Source: Herald of Medicine, NMPA, CIC

Classification of Inhalation Products

Each inhalant type offers distinct features and is suitable for different patients group. The following chart presents the comparison between different types of inhalants:

	Type	Key features	Drug absorption rate	Portability	Ease of use	Application
	Nebulizers (NEBs)	• NEB refers to liquid formulations that generate a continuous supply of aerosol for inhalation via a nebulizer, including inhalation solutions, suspensions, and powders.	◕	◔	◔	Suitable for all age groups, including infants and young children and individuals who are unable to use MDIs or DPIs effectively, such as severe condition.
	Dry powder inhalers (DPIs)	• DPI is a medication delivery method where one or more drugs in dry powder form are delivered into the respiratory system using a specialized inhaler device to achieve either local or systemic therapeutic effects.	◑	◕	◕	Mostly used by adolescents and adults.
	Metered-dose inhalers (MDIs)	• MDI refers to formulations in which the drug, excipients, and propellant are filled together in a pressurized container equipped with a metering valve. By pressing the valve, the medication and propellant are released as an aerosol spray under pressure for pulmonary inhalation.	◑	◕	◕	Mostly used by children, adolescents, and adults.
	Soft mist inhalers (SMIs)	• SMIs deliver medication as a slow-moving, fine mist and are less dependent on the patient's inhalation flow rate for effective drug delivery.	◑	◕	◑	Suitable for various age groups, including individuals who may have difficulty with the coordination required for MDIs.

Source: Pharmacopoeia of the People's Republic of China, CIC

Manufacturing Challenges in Inhalation Products

Manufacturing inhalation products presents substantial technical challenges, primarily including: (i) complex formulation processes, requiring precisely controlled API-to-excipient ratios and drug particle sizes to ensure stability and delivery uniformity, while specifically optimizing pulmonary deposition efficiency for powder-based products; and (ii) complicated device design aligned with formulation characteristics, demanding precise filling technology and tight control over components to ensure consistent dosing and reproducible aerodynamic particle size distribution.

Entry Barriers to Respiratory Inhalation Product Market

The respiratory inhalation product market presents substantial entry barriers, including: (i) formidable technical hurdles, demanding complex drug-device integration and cross-disciplinary collaboration across drug-device compatibility, formulation design, and inhaler engineering, alongside precise filling techniques and complex spray mechanisms; (ii) significant capital

investment for highly specialized infrastructure and technical expertise to establish cGMP-compliant manufacturing lines; and (iii) stringent regulatory pathways, as CDE guidelines mandate rigorous *in vivo* bioequivalence (both PK-BE and PD-BE) or clinical studies, alongside complex drug-device combination filings.

Growth Drivers and Future Trends of Respiratory Inhalation Product Market

The respiratory inhalation product market is propelled by several key growth drivers and future trends, primarily including: (i) expanding clinical demand, driven by the rising global prevalence of chronic respiratory diseases linked to urbanization and industrial development, alongside the proven therapeutic efficacy of inhalation products in the long-term management; (ii) accelerating domestic substitution, fueled by enhanced local R&D capabilities and originator patent expirations; and (iii) product and device diversification, marked by a strategic shift from traditional nebulizers toward DPIs and MDIs, alongside tailored device designs that accommodate varying patient physiologies to optimize treatment compliance. Furthermore, the market is significantly fueled by favorable government policies prioritizing the development of complex inhalation dosage forms, alongside the integration of COPD into public health programs to enhance treatment accessibility. Specifically, national initiatives, such as the "14th Five-Year Plan" and National Major Science and Technology Projects Policy, strongly support the R&D and industrial advancement of respiratory disease treatments. Additionally, the fifth, seventh, and ninth batches of the National Centralized Drug Procurement have successively included five inhalation formulations, further accelerating market penetration and improving patient affordability.

Overview of COPD

COPD is a common respiratory disease characterized by persistent symptoms and airflow limitation due to airway and/or alveolar abnormalities usually caused by significant exposure to noxious particles or gases. Host factors, including abnormal lung development, also influence diseases progression. The main risk factor for COPD is tobacco smoking but other environmental exposures such as biomass fuel exposure and air pollution contribute significantly to disease burden. The population of COPD patients in China increased from 109.7 million in 2018 to 124.2 million in 2025, and is expected to increase to 145.2 million in 2035 at a CAGR of 1.6% from 2026 to 2035.

Treatment Paradigm for COPD

COPD severity is generally categorized into three levels. For patients with mild symptoms, bronchodilators are the medications that relax airway smooth muscle, which are used to relieve symptoms. In cases of moderate to very severe COPD, a combination of inhaled corticosteroids (ICS) and long-acting beta agonists (LABA) is more effective than monotherapy in enhancing lung

function, improving overall health status, and reducing the frequency of acute exacerbations. Triple therapy offers even greater benefits by further relieving symptoms and lowering the risk of exacerbations. The chart below outlines the treatment paradigm for COPD:

First-line treatment for COPD: Bronchodilator			
Treatment	**Mechanism**	**Adverse effects**	**Duration of action**
$Beta_2$ agonists	• The principal action of beta2 agonists is to relax airway smooth muscle by stimulating beta2 adrenergic receptors, which increases cyclic AMP and produces functional antagonism to bronchoconstriction	• Can produce resting sinus tachycardia and has the potential to precipitate cardiac rhythm disturbances in susceptible patients	Short-acting: 4-6 hours (SABA) Long-acting: 12-24 hours (LABA)
Anti-muscarinic drugs	• Anti-muscarinic drugs block the bronchoconstrictor effects of acetylcholine on M3 muscarinic receptors expressed in airway smooth muscle • **Current first line treatment for COPD**	• Dryness of mouth	Short-acting: 4-6 hours (SAMA) Long-acting: 12-24 hours (LAMA)
Methylxanthines	• Controversy remains about the exact effects of xanthine derivatives. They may act as non-selective phosphodiesterase inhibitor	• Toxicity is dose-related. Most of the benefit occurs only when near-toxic doses are given	Variable, up to 24 hours
Anti-inflammatory agents			
Treatment	**Mechanism**	**Adverse effects**	**Duration of action**
Inhaled corticosteroids (ICS)	• It can inhibit the release of inflammatory mediators, enhance the response of beta receptor of smooth muscle cells, etc.	• ICS use is associated with higher prevalence of oral candidiasis, hoarse voice and pneumonia	/
Phosphodiesterase-4 (PDE4) inhibitors	• The principal action of PDE4 inhibitors is to reduce inflammation by inhibiting the breakdown of intracellular cyclic AMP	• Diarrhea, nausea, reduced appetite, weight loss, abdominal pain, sleep disturbance and headache	24 hours

Note: LABA: Long-acting beta agonists, LAMA: Long-acting muscarinic antagonists

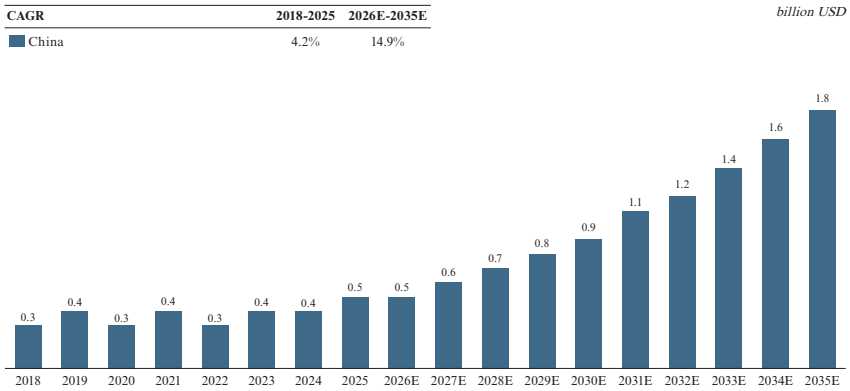
Source: *Chinese Guideline for Management of Chronic Obstructive Pulmonary Disease in Primary Care (2024), 2025 Global Initiative for Chronic Obstructive Lung Disease, CIC*

Major therapeutic gaps remain in addressing COPD clinical needs, including: (i) the lack of breakthrough therapies, as traditional small-molecule combinations fail to adequately prevent acute exacerbations — approximately 50% of patients still experiencing exacerbations despite receiving triple therapy; (ii) suboptimal patient adherence during long-term maintenance, driven by complex device operation, frequent dosing requirements, and adverse effects; and (iii) limited treatment options for severe disease stages, where existing single-target agents — such as LAMA or LABA — exhibit insufficient efficacy and cannot reverse lung function decline.

Market Size of COPD Drugs

The COPD market in China grew from US$0.3 billion in 2018 to US$0.5 billion in 2025, reflecting a CAGR of 4.2%, and is expected to reach US$1.8 billion in 2035, representing a CAGR of 14.9% from 2026 to 2035, driven by several key factors, including (i) the rising patient population associated with aging, smoking, and environmental pollution, (ii) accurate diagnosis stemming from improved public awareness and medical infrastructure, and (iii) the introduction of innovative therapies, such as inhalation formulations, biologics and small-molecule drugs, that enhance clinical efficacy and patient adherence.

Market Size of COPD Drugs in China, 2018–2035E



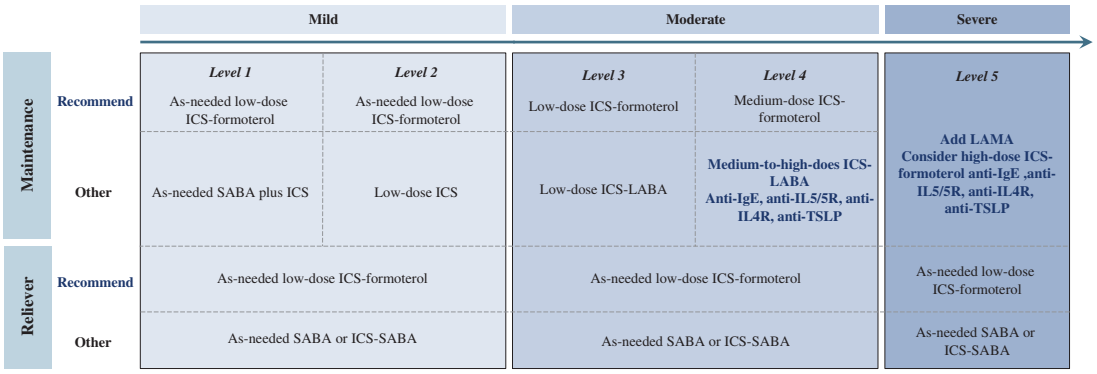
Source: *Chin J Gen Pract, CIC*

Overview of Asthma

Asthma is a chronic lung disease affecting people of all ages. It is caused by inflammation and muscle tightening around the airways, which makes it harder to breathe. Symptoms can include coughing, wheezing, shortness of breath and chest tightness. The population of asthma patients in China increased from 53.9 million in 2018 to 59.2 million in 2025, and is expected to increase to 66.9 million in 2035 at a CAGR of 1.2% from 2026 to 2035.

Treatment Paradigm for Asthma

The primary goal of asthma treatment is to achieve effective symptom control, maintain normal levels of physical activity, and minimize the risks of acute exacerbations, mortality, irreversible lung function impairment, and drug-related adverse effects. Asthma medications are generally classified into two categories: maintenance medications, which manage underlying inflammation and prevent symptoms, and reliever medications, which provide rapid symptom relief during acute episodes. The chart below outlines the treatment paradigm for asthma:



Note: LABA: Long-acting beta agonists, SABA: Short-acting beta agonists, LAMA: Long-acting muscarinic antagonists, ICS: Inhaled Corticosteroids

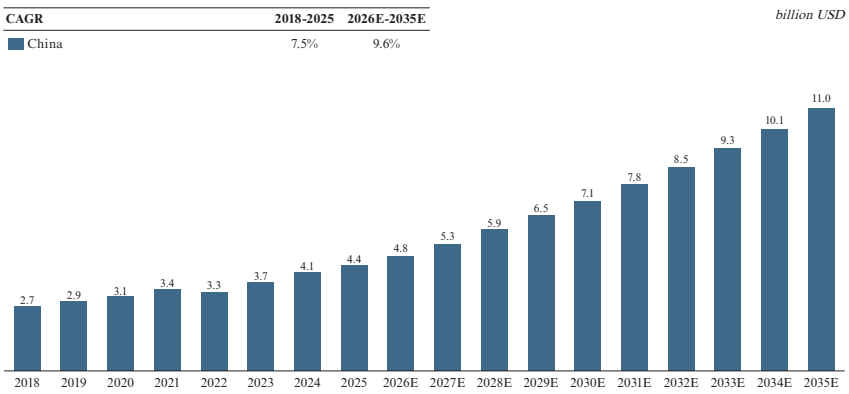
Source: Guidelines for Bronchial Asthma Prevent and Management (2024 edition), CIC

Major therapeutic gaps remain in addressing the unmet needs of asthma patients, including: (i) limited symptom control in severe patients, especially asthma patients who continue to suffer from frequent exacerbations and diminished quality of life despite receiving standard therapies; and (ii) the lack of personalized treatment strategies, as current approaches rely on general disease characteristics rather than individual patient profiles, resulting in suboptimal clinical outcomes.

Market Size of Asthma Drugs

The asthma drug market in China grew from US$2.7 billion in 2018 to US$4.4 billion in 2025, reflecting a CAGR of 7.5%, and is expected to reach US$11.0 billion in 2035, representing a CAGR of 9.6% from 2026 to 2035, driven by the anticipated approvals of innovative drugs.

Market Size of Asthma Drugs in China, 2018–2035E



Source: Guidelines for Bronchial Asthma Prevent and Management (2024 edition), CIC

REPORT COMMISSIONED BY CIC

In connection with the [REDACTED], we have engaged CIC to conduct a detailed analysis and prepare an industry report on the major markets for which our drug candidates are positioned. CIC is an independent global market research and consulting company that provides market research on a variety of industries including biotechnology. We have agreed to pay CIC a total fee of RMB1.11 million for the preparation of the CIC Report, and we believe that such fees are consistent with the market rate. The payment of such amount was not contingent upon our successful [REDACTED] or on the results of the CIC Report. Except for the CIC Report, we did not commission any other industry report in connection with the [REDACTED].

The market projections in the CIC Report were based on the following key assumptions: (i) the overall social, economic and political environment globally and in China is expected to remain stable during the forecast period; (ii) the global and China's economic and industrial development is likely to maintain a steady growth trend over the next decade; (iii) related key industry drivers are likely to continue driving the growth of the market during the forecast period; and (iv) there is no extreme force majeure or industry regulation in which the market may be affected dramatically or fundamentally. The reliability of the CIC Report may be affected by the accuracy of the foregoing key assumptions.

REGULATORY OVERVIEW

OVERVIEW OF LAWS AND REGULATIONS IN THE PRC

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

Regulatory Authorities

The regulatory system for the pharmaceutical industry in the PRC consists of the Standing Committee of the National People's Congress, the State Council and several ministries and agencies under its authority, including, among others, the National Medical Products Administration (the "**NMPA**", formerly known as China Food and Drug Administration (the "**CFDA**")), the National Health Commission (the "**NHC**", formerly known as the National Health and Family Planning Commission), and the National Healthcare Security Administration.

Laws and Regulations in Relation to New Drugs

Application for New Drug Registration

Drug registration refers to an approval process where the NMPA conducts a review of the safety, efficacy and quality controllability of the drugs intended for marketing pursuant to the application for drug registration made by an applicant, and decides whether to approve the application. This process is regulated by the Measures for the Administration of Drug Registration (《藥品註冊管理辦法》) promulgated by the SAMR and came into effect on July 1, 2020.

Non-clinical Research and Animal Testing

The non-clinical safety evaluation study for drugs for marketing approval shall be conducted in accordance with the Good Laboratory Practice for Non-clinical Laboratory Studies (《藥物非臨床研究質量管理規範》), which was promulgated by the former CFDA and came into effect on September 1, 2017. The former CFDA issued the Administrative Measures for the Certification of Good Laboratory Practice 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 became effective since July 1, 2023 after being last revised by the NMPA. It provides for the procedures for application and acceptance of Good Laboratory Practice certification by research institutions conducting non-clinical safety evaluation study for drugs, requirements for data review and on-site inspection, audit procedures and supervision and management.

Pursuant 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, 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, 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 and came into effect in January 2002, using experimental animals and related products requires a Certificate for Utilization of Laboratory Animals.

Application and Conduct of Clinical Trials

After completing the preclinical studies, the applicant must obtain approval for clinical trials of drugs from the NMPA before the conduction of new drug clinical trials. Pursuant to the Administrative Measures for Drug Registration (《藥品註冊管理辦法》), drug clinical trials are divided into Phase 1 clinical trial, Phase 2 clinical trial, Phase 3 clinical trial, Phase 4 clinical trial and bioequivalence test. Drug clinical trials shall be subject to review and approval by the Ethics Committee.

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》) 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. Clinical trials should follow GCP and protocols approved by the ethics committee of each research center.

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**"), providing a framework for reforming the evaluation and approval system for drugs 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.

The Announcement on Adjusting the Procedures for Review and Approval of Clinical Trials of Drugs issued by the NMPA on July 24, 2018 provides that if no negative or questionable opinion is received from the CDE within 60 days after the acceptance and collection of the application fee for a clinical trial of a drug, the applicant may commence a clinical trial of the drug in accordance with the submitted clinical trial protocol.

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 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 and came into effect in December 2017, which further clarified the Accelerating Registration Procedures for Drugs.

Administrative Protection and Monitoring Periods for New Drugs

Pursuant to the Implementing Rules for PRC Drug Administration Law (《中華人民共和國藥品管理法實施條例》) issued on March 2, 2019 and the Reform Plan for Registration Category of Chemical Drugs (《化學藥品註冊分類改革工作方案》) issued on March 4, 2016, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new Category 1 drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period of a new drug, the NMPA will not approve any other enterprises' applications to manufacture or import the said drug.

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

Pursuant to the Multi-Center Clinical Trial Guidelines, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol.

Applicant may make use of the data derived from the international multi-center clinical trials for application to the NMPA for approval of a NDA/BLA after satisfying certain requirements under the Multi-Regional Clinical Trial Guidelines. International multi-center clinical trials shall follow internationally prevailing GCP principles and ethics requirements. Data derived from

international multi-center clinical trials can be used for the NDAs or BLAs with the NMPA. When using international multi-center clinical trial data to support NDAs or BLAs in China, applicants shall submit the completed global clinical trial report, statistical analysis report and database, along with relevant supporting data in accordance with ICH-CTD (International Conference on Harmonization-Common Technical Document) content and format requirements; subgroup research results summary and comparative analysis shall also be conducted concurrently.

Marketing Authorization Holder System

Pursuant to the Drug Administration Law, the State implements the drug marketing authorization holder system for drug administration. "Drug marketing authorization holder" means an enterprise, a drug development institute, or the like that has obtained the drug registration certificate. The drug marketing authorization holder shall be responsible for the safety, effectiveness, and quality controllability of drugs during the whole process of the development, production, distribution, and use of the drugs, as legally required.

Gathering, Collection and Filing of Human Genetic Resources

Pursuant to the Service Guide for Administrative Licensing of Gathering, Collection, Deal, Export and Exit of Human Genetic Resources (《人類遺傳資源採集、收集、買賣、出口、出境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, if we gather and collect human genetic resources through clinical trials, we should file a record with the China Human Genetic Resources Management Office through an online system.

Pursuant to the Regulations on the Management of Human Genetic Resources of the PRC (《中華人民共和國人類遺傳資源管理條例》) promulgated by the State Council, which came into effect on July 1, 2019, and the Implementation Rules for the Administrative Regulation on Human Genetic Resources (《人類遺傳資源管理條例實施細則》) promulgated by the Ministry of Science and Technology on May 26, 2023, foreign organizations, individuals and institutions established or actually controlled by them shall not gather or preserve Chinese genetic resources within the territory of the PRC, or provide Chinese genetic resources to foreign countries.

In areas such as research, development, and application of biology technology; biosecurity management of pathogenic microorganism laboratories; security management of human genetic resources and biological resources; countermeasures for microbial resistance; and prevention of bioterrorism and defending threats of biological weapons, we must comply with the relevant provisions of the Biosecurity Law of the PRC (《中華人民共和國生物安全法》) if we engage in related businesses.

Laws and Regulations in Relation to Drug Manufacturer

Drug Manufacturing Permit

Pursuant to the Drug Administration Law, drug manufacturing activities are subject to the approval of drug regulatory departments and a drug manufacturing license shall be obtained. The license shall have a validity period of five years. If it is necessary to renew the license after the expiration thereof, the license-holding enterprise shall, within six months before the license expires, apply for a new license in accordance with the provisions of the drug regulatory departments under the State Council.

Good Manufacturing Practices

Our engagement in drug manufacturing activities must comply with the Good Manufacturing Practices (《藥品生產質量管理規範》), 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.

Laws and Regulations on Drug Supply

Pursuant to the Drug Administration Law, the operation of drug business, including drug wholesale and drug retail, is prohibited without a Drug Supply Permit. A Drug Supply Permit shall state the validity period and the scope of business and be subject to review and reissuance upon expiry of the validity period.

Pursuant to the Measures for the Supervision and Administration of Drug Supply and Usage (《藥品經營和使用質量監督管理辦法》) took into effect on January 1, 2024, a Drug Supply Permit is valid for five years. Each holder of the Drug Supply Permit must apply for an extension of its permit six months to two months prior to expiration.

The Good Supply Practice for Pharmaceutical Products (《藥品經營質量管理規範》) (the "**GSP Rules**") was last amended and came into effect on July 13, 2016. The GSP Rules set forth the basic standards in management of operation quality of drugs and apply to enterprises engaged in drug operations in the PRC. Under the Drug Administration Law of the PRC, the GSP certification is no longer required for drug operators, but drug operators are still required to comply with the GSP Rules.

Laws and Regulations in Relation to Medical Devices

Pursuant to the Regulations on Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), or the Medical Devices Regulations, promulgated by the State Council and came into effect on January 20, 2025, the NMPA, shall be in charge of national supervision and administration of medical devices. The Medical Device Regulations regulates entities that engage in the research and development, production, operation, use, supervision and administration of medical devices in the PRC.

Production Permit and GMP for Medical Devices

Pursuant to the Measures on the Supervision and Administration of Medical Devices Production (《醫療器械生產監督管理辦法》) came into effect on May 1, 2022, the enterprises engaging in the production of Class I medical devices shall make filings for such Class I medical devices with the local branches at the prefecture city level of the NMPA and submit materials to prove that it is qualified to engage in the production of such medical devices. The enterprises engaging in the production of Class II or Class III medical devices shall apply for a Manufacture License for Medical Devices (醫療器械生產許可證) with provincial branches of the NMPA, and submit materials proving it is qualified to engage in the production of such medical devices and a medical device registration certificate for the production of such medical devices. A Manufacture License for Medical Devices is valid for five years and the registrant shall file for renewal application with the original branch of the NMPA 90 business days to 30 business days prior to its expiration date.

Other Laws and Regulations in Relation to Medical Industry

Basic Medical Insurance Policy

The State Council issued 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》) on 3 January 2016, which called for the integration of the two systems of basic medical insurance for urban residents and new type rural cooperative medical care, and the establishment of a unified basic medical insurance system for urban and rural residents, i.e., to cover all urban and rural residents other than rural migrant workers and flexibly employed persons participating in basic medical insurance for urban workers in accordance with the law.

Medical Insurance Catalog

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 Catalog. The currently effective one is the National Insurance Drug List for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance (2024) (《國家基本醫療保險、工傷保險和生育保險藥品目錄(2024年)》) came into effect since January 1, 2025.

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.

National Centralized Procurement Program and Tendering Procedures

Pursuant to the Implementation Opinions on Expanding the Regional Scope of the Pilot Program Regarding the National Organization of Centralized Procurement and Use of Drugs 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》) issued and implemented on September 25, 2019, and the Document on National Centralized 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 centralized volume-based drug procurement program will be implemented nationwide. All pharmaceutical manufacturers, exclusive agents of imported drugs, and drug marketing authorization holders are eligible to participate as long as their drugs are within the scope of the centralized procurement program.

The NHSA, the NHC, the NMPA, the MIIT and the Logistics Support Department of the Central Military Commission jointly issued the Notice on Carrying out the Second Batch of National Organization of Centralized Procurement and Use of Drugs (《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 "Notice"), which came into effect on January 13, 2020. The Notice established several implementation principles for national centralized drug procurement to comprehensively deepen reforms and standardize China's national drug procurement system. On July 29, 2020, the Joint Procurement Office issued the Document on National Centralized Drug Procurement (GY-YD2020–1) (《全國藥品集中採購文件 (GY-YD2020–1)》) to launch a new batch of centralized procurement of drugs that meet the centralized procurement conditions.

On January 22, 2021, the General Office of the State Council issued the Opinions on Promoting the Regular and Institutionalized Implementation of Centralized Volume-Based Drug 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》), proposing multiple measures to advance the normalization and institutionalization of centralized volume-based drug procurement

nationwide. The document mandates participation from all public medical institutions in centralized drug procurement. Future procurement catalogs will include drugs with high market demand or procurement prices that have been included in the NRDL, while striving to cover domestically produced and marketed drugs that are clinically suitable and reliable in quality.

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 Sanming City and to Continuously Promote the Innovative Development of Medical Insurance (Yi Bao Han [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), aiming to form a new pattern of centralized procurement with the centralized procurement of drugs and high-value medical consumables organized by provinces, and the centralized procurement of drugs and high-value medical consumables by the national alliance as the main body led by provinces, and centralized procurement of drugs and high-value medical consumables at the provincial level as the supplement.

On May 14, 2024, the NHSA published the Notice of the National Healthcare Security Administration on Strengthening Regional Coordination to Improve the Quality and Coverage of Centralized Procurement of Pharmaceuticals 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) to improve the centralized pharmaceutical procurement system, promote the quality and coverage of centralized procurement, and further enhance the capacity and scale of local procurement alliances, and hence achieving linkage and coordinated progress at the national and local levels.

On January 31, 2026, the Continued Procurement Office for National Centralized Drug Procurement — Products with Expired Agreements (國家組織集採藥續品協定期滿品種接續採購辦公室) commissioned Jiangsu Province, Henan Province and Guangdong Province to take the lead in carrying out the national unified continued procurement work for products with expired agreements under the first to eighth batches of national centralized drug procurement.

Drug Distribution and Two-Invoice System

Pursuant 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.

Pursuant 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. Pharmaceutical companies must comply with the Two-Invoice System in order to engage in procurement processes with public hospitals.

Advertising of Pharmaceutical Products

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes (《藥品、醫療器械、保健食品、特殊醫學用途配方食品廣告審查管理暫行辦法》), which promulgated by SAMR 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.

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. The Implementation Regulations of the Drug Administration Law of the PRC, which will take effect on May 15, 2026, stipulate that the content of drug labels and package inserts must be approved by the drug regulatory department.

Laws and Regulations in Relation to Intellectual Property

Patent

The relevant patents are protected by the Patent Law of the PRC (《中華人民共和國專利法》) (the "Patent Law") 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"). Pursuant to the Patent Law, the total effective term of patents for new drugs after market approval shall not exceed fourteen (14) years. Furthermore, the Patent Law stipulates that, for public health purposes, the patent administration department of the State Council may grant compulsory licenses to patented drugs manufactured for export to countries or regions that comply with relevant international conventions to which the People's Republic of China is a party.

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 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 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.

Domain Name

The Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) issued by the Ministry of Industry and Information Technology ("**MIIT**") which took effect on November 1, 2017, and the Rules for the Implementation of the Registration of National Top-Level Domain Names (《國家頂級域名註冊實施細則》) issued by China Internet Network Information Center (CNNIC) on June 18, 2019, provide legal protection for domain names. Domain name registration is handled through domain name registration service organizations established in accordance with relevant regulations. Upon successful registration, the applicant shall become the domain name holder.

Trade Secret

Pursuant 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, business persons are prohibited from infringing others' trade secrets. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses or discloses trade secrets of others, the third party may be deemed to have committed a misappropriation of the others' trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and impose fine on the infringing parties.

The Company Law and Regulations

The Company Law, which was amended by the SCNPC and became effective on July 1, 2024, provides for the establishment, corporate structure and corporate management of companies, which also applies to foreign-invested enterprises in the PRC.

Regulations in Relation to Foreign Direct Investment

The investment of foreign investors and foreign-invested enterprises in China is subject to the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》). Pursuant to the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單(2024年版))》) and the Catalogue of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) promulgated by the National Development and Reform Commission and the Ministry of Commerce and coming into effect on January 1, 2023, foreign investment projects can be divided into three categories: encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative List are permitted foreign-invested projects.

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 and came into effect on December 29, 2018 (the "**Product Quality Law**"), is the principal governing law relating to the supervision and administration of product quality. Pursuant 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.

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) promulgated by the National People's Congress and effective on January 1, 2021, also regulate the liability for damages of producers and sellers.

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 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.

Regulations in Relation to Environmental Protection and Fire Safety

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC and coming into effect on January 1, 2015 (the "**Environmental Protection Law**"), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC and came into effect 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 and came into effect on October 1, 2017, enterprises which plan to construct projects shall 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.

Pursuant to the Catalogue of Classified Management of Pollutant Discharge Permits for Fixed Pollution Sources (2019) (《固定污染源排污許可分類管理名錄(2019年版)》) promulgated by the Ministry of Ecology and Environment on December 20, 2019 and coming into effect on the same day, key management, simplified management or registration management of pollutant discharge permits shall be implemented pursuant to factors such as the amount of pollutant produced or discharged and the degree of impact on the environment of the enterprises discharging pollutants. Pollutant-discharging units qualified for registration management do not need to apply for pollutant-discharging permits, but should fill in a pollutant-discharging registration form on the national pollutant-discharging permit information management platform.

Pursuant to the Fire Safety Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC and came into effect on April 29, 2021, and the Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) (the "**Interim Provisions**") promulgated by the Ministry of Housing and Urban-Rural Development and came into effect on October 30, 2023, the fire protection design or construction of a construction project must conform to the national fire protection technical standards for project construction and construction projects shall undergo the fire protection design review and acceptance system. The special construction projects as defined in the Interim Provisions must apply to the fire control department for fire protection design review, and complete the fire protection acceptance procedures after the completion of the construction project. The construction unit of other construction projects must complete the fire protection filing of the fire protection design and the completion acceptance within five (5) business days after the.

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 and came into effect on December 29, 2018 (the "**Prevention and Control of Occupational Diseases Law**"), is the basic law for the prevention and control of occupational diseases. Pursuant to the Prevention and Control of Occupational Diseases Law, budget for facilities for the prevention and control of occupational diseases of a construction project shall be included in the budget of the project and those facilities shall be designed, constructed and put into operation simultaneously with the main body of the project. The entity that takes charge of the project should carry out the assessment of the effectiveness of measures for the prevention and control of occupational diseases before the final acceptance of the construction project. In addition, employers shall take required administrative measures to prevent and control occupational diseases in work.

Regulations in Relation to Employment and Social Securities

Pursuant to the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), which was revised by the NPC Standing Committee and came into effect on December 29, 2018, the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), which was revised by the NPC Standing Committee on December 28, 2012 and came into effect on July 1, 2013, and the Regulations on the Implementation of the Labor Contract Law of the People's Republic of China, which was issued by the State Council and came into effect on September 18, 2008, the employer shall strictly abide by national standards, provide relevant training for laborers, and guarantee that laborers enjoy labor right and fulfill labor obligations. The employer and the laborers shall sign a written labor contract. Labor contracts consist of fixed-term labor contract, open-ended labor contracts and labor contracts that expire upon completion of given jobs. The wages paid by the employers to the laborers shall not be lower than the local minimum wage standard.

Pursuant to the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), which was revised by the NPC Standing Committee and took effect on December 29, 2018, the Regulations on Management of Housing Provident Funds (《住房公積金管理條例》), which was revised by the State Council and took effect on March 24, 2019 and the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) revised by the State Council and taking effect on March 24, 2019, the employers shall pay basic pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, basic medical insurance and housing provident funds for their employees pursuant to the statutory payment base and proportion. If any employer fails to pay the relevant monies to the relevant local administrative authority on time and in full, it may be ordered to make up the shortage or be fined.

Regulations in Relation to Information Security and Data Privacy

Data Security and Export

The NPCSC promulgated the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), (effective from September 1, 2021), for the establishment of a data classification and grading protection system.

Pursuant 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 and came into effect on September 1, 2022, a data processor must apply for a CAC security assessment through the provincial cyberspace administration before transferring data overseas in specified circumstances, including transfers of important data, transfers by critical information infrastructure operators, or transfers involving personal information or sensitive personal information exceeding prescribed thresholds.

Pursuant 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, a personal information processor may transfer personal information overseas by entering into the standard contract only if it is not a critical information infrastructure operator and remains below the prescribed thresholds for processing and outbound provision of personal information and sensitive personal information.

On March 22, 2024, the CAC promulgated the Regulations on Improving and Regulating the Cross-Border Transfer of Data (《促進和規範數據跨境流動規定》) (the "**Regulations on Cross-Border Transfer of Data**"), data processors other than operators of critical information infrastructure are exempt from declaring a security assessment for cross-border data transfer, concluding a standard contract for the cross-border transfer of personal information, and obtaining personal information protection certification, provided that they have cumulatively provided non-sensitive personal information of less than 100,000 individuals overseas since January 1 of the current year.

Personal Information Protection

Pursuant 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 promulgated by the NPCSC 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.

Pursuant 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 and effective on June 1, 2017, network operators must follow the principles of legality, legitimacy and necessity when collecting and using personal information, and publicly disclose the rules for collection and use, clearly state the purpose, method and scope of collecting and using information, and obtain the consent of the person whose data is being collected. Network operators shall not collect personal information unrelated to the services they provide. Network operators are not allowed to leak, tamper with, or damage the personal information they collect; they are not allowed to provide personal information to others without the consent of the person whose data is being collected. However, this does not apply to cases where a specific individual cannot be identified and the identity cannot be recovered after processing. Network operators should take technical measures and other necessary measures to ensure the security of the personal information they collect and prevent leakage, damage and loss of information.

Laws and Regulations in Relation to Anti-money Laundering, Anti-corruption and Anti-bribery

Laws and Regulations in Relation to Anti-money Laundering

Pursuant to the Anti-money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) promulgated by the Standing Committee of the National People's Congress and effective from January 1, 2025, financial institutions shall, pursuant to the provisions of the present law, establish a sound internal control system for anti-money laundering, set up a special body or designate an internal body to take the lead to take charge of the anti-money laundering work. The entities and individuals in business relationship with a financial institution shall cooperate with the financial institution in conducting customer due diligence by providing authentic and valid identity documents or other identity certificates, filling in identity information accurately and completely, and faithfully providing materials relating to transactions and funds. Where an entity or individual refuses to cooperate with the financial institution in taking reasonable measures for customer due diligence pursuant to the present law, the financial institution may take money laundering risk management measures, such as limiting or refusing to handle business and terminating business relationship under the prescribed procedures, and submit a report on doubtful transactions in the light of the situation.

Laws and Regulations in Relation to Anti-corruption

Pursuant to the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), as last amended by the Standing Committee of the National People's Congress on December 29, 2023, the crime of job appropriation means that an employee of any company, enterprise or any other organization unlawfully takes possession of the money or property of the organization by taking advantage of office, if the amount is relatively large, he shall be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall be fined concurrently; if the amount is huge, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than 10 years and shall be fined concurrently; or if the amount is extremely huge, he shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment and shall be fined concurrently.

Laws and Regulations in Relation to Anti-bribery

Pursuant to the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) promulgated by SCNPC, as amended and effective as of April 23, 2019, and the Interim Provisions on the Prohibition of Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) promulgated by the SAIC on November 15, 1996, any business operator shall not provide or promise to provide economic benefits (including cash, other property or by other means) to a counter-party in a transaction or a third party that may be able to influence the transaction, in order to entice such party to secure a transactional opportunity or competitive advantages for the business operator. Any business operator breaching the relevant anti-bribery rules above-mentioned may be subject to administrative punishment or criminal liability depending on the seriousness of the cases.

Pursuant to the Regulations on the Establishment of Adverse Records with Respect to Commercial Briberies in the Medicine Purchase and Sales Industry (《關於建立醫藥購銷領域商業賄賂不良記錄的規定》) came into effect on March 1, 2014, where a manufacturer of drugs, medical devices and medical disposables, an enterprise, an agency or an individual offers staff of a medical institution any items of value or other benefits, the enterprise should be listed in the adverse records with respect to commercial bribery in the event of the following circumstances: (1) where the act has constituted a crime of bribery as determined by the ruling of a people's court, or where the circumstance of crime is not serious enough for the imposition of criminal punishment and criminal punishment is exempted as decided by the people's court in accordance with the Criminal Law; (2) where the circumstance of the crime of bribery is minor and the relevant people's procuratorate has decided not to lodge a prosecution; (3) where a discipline inspection and supervision authority has initiated a case of bribery and conducted investigation, and punishment has been imposed in accordance with the law; (4) where administrative penalties against the act of bribery have been

imposed by, *inter alia*, the finance administration, the SAMR, the NMPA; (5) any other circumstances specified by laws, regulations and rules. First-time listing results in a two-year ban on purchases by public and subsidized medical institutions within the local province, and lower bidding/purchasing ratings in other provinces. Two or more listings within five years lead to a nationwide two-year purchase ban.

In May 2023, 14 government authorities, including the NHC, jointly issued the Key Points for the Correction of Malpractice in the Purchases and Sales of Medical Products and Medical Services in 2023 (《2023年糾正醫藥購銷領域和醫療服務中不正之風工作要點》), focusing on rectifying corruption in the pharmaceutical industry, such as disguised fees under donations or academic events, illegal donations/financial support, and kickbacks in pharmaceutical sales by manufacturers, distributors, and representatives.

OVERVIEW OF LAWS AND REGULATIONS IN THE UNITED STATES

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

Laws and Regulations in Relation to New Drug

U.S. Government Regulation of Drug and Biological Products

In the United States, the FDA regulates drugs under the FDCA and its implementing regulations, and biologics under the FDCA and the Public Health Service Act and their implementing regulations. Both drugs and biologics also are subject to other federal, state and local statutes and regulations, such as those related to competition.

Once a product candidate is identified for development, it enters preclinical testing, which includes laboratory evaluations of product chemistry, toxicity, formulation and stability, as well as animal studies. Preclinical testing is conducted in accordance with FDA's Good Laboratory Practice regulations.

An Institutional Review Board (the "**IRB**"), must review and approve the plan for any clinical trial before it commences at any institution, and the IRB must conduct continuing review and reapprove the study at least annually. Each new clinical protocol and any amendments to the protocol must be submitted for FDA review, and to the IRBs for approval.

An IRB can suspend or terminate approval of a clinical trial at its institution if the trial is not being conducted in accordance with the IRB's requirements or if the product has been associated with unexpected serious harm to subjects.

Clinical trials generally are conducted in three sequential phases, known as phase 1, phase 2 and phase 3, and may overlap.

Concurrent with clinical trials, companies usually complete additional animal studies and must also finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements.

U.S. Review and Approval Processes

The results of product development, preclinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the product, proposed labeling and other relevant information, are submitted to the FDA as part of an NDA or a BLA.

Within 60 days of its receipt, the FDA reviews the NDA/BLA to ensure that it is sufficiently complete for substantive review before it accepts the NDA/BLA for filing. After accepting the NDA/BLA filing, the FDA begins an in-depth substantive review to determine, among other things, whether a product is safe and effective for its intended use. The FDA also evaluates whether the product's manufacturing is cGMP-compliant to assure the product's identity, strength, quality and

purity. Before approving the NDA/BLA, the FDA typically will inspect whether the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The FDA may refer the NDA/BLA to an advisory committee, a panel of experts, for review whether the application should be approved and under what conditions and considers such recommendations when making decisions.

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

OVERVIEW OF EU LAWS AND REGULATIONS

The European Medicines Agency ("**EMA**") is the scientific agency of the European Union (EU) that coordinates the evaluation and monitoring of new and approved medicinal products such as small molecules and biologics. It is responsible for the scientific evaluation of applications for EU marketing authorizations, as well as the development of technical guidance and the provision of scientific advice to sponsors. The approval process for medicinal products within the EU is broadly analogous to that of the United States. It typically necessitates the successful completion of the following stages: (i) preclinical laboratory tests, animal studies and formulation studies all performed in accordance with the applicable EU Good Laboratory Practice regulations; (ii) submission of a clinical trial application ("**CTA**") must be done in the Clinical Trials Information System ("**CTIS**") for each clinical trial, which must be approved before human clinical trials may begin; (iii) performance of adequate and well-controlled clinical trials to establish the safety and efficacy of the product for each proposed indication; (iv) satisfactory completion of an inspection by the relevant national authorities of the manufacturing facility or facilities, including those of third parties, at which the product is produced to assess compliance with cGMP; (v) potential audits of the non-clinical and clinical trial sites that generated the data in support of the MAA; and (vi) review and approval by the relevant national authority of the MAA before any commercial marketing, sale or shipment of the product.

In specific circumstances, EU legislation (Article 14(7) Regulation (EC) No. 726/2004and Regulation (EC) No. 507/2006 on Conditional Marketing Authorizations for Medicinal Products for Human Use) enables applicants to obtain a conditional marketing authorization prior to obtaining the comprehensive clinical data required for an application for a full marketing authorization. Such conditional approvals may be granted for products (including medicines designated as orphan medicinal products), if (1) the risk-benefit balance of the product is positive, (2) it is likely that the applicant will be in a position to provide the required comprehensive clinical trial data, (3) the product fulfills unmet medical needs, and (4) the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required. A conditional marketing authorization may contain specific obligations to be fulfilled by the marketing authorization holder, including obligations with respect to the completion of ongoing or new studies, and with respect to the collection of pharmacovigilance data.

Conditional marketing authorizations are valid for one year, and may be renewed annually, if the risk-benefit balance remains positive, and after an assessment of the need for additional or modified conditions and/or specific obligations. The timelines for the centralized procedure described above also apply with respect to the review by the CHMP of applications for a conditional marketing authorization.

REGULATIONS ON TAXATION

Enterprise Income Tax

Pursuant to the CIT Law, which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulation on the Implementation of the CIT Law, which was promulgated by the State Council and was latest amended in December 2024, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for enterprise income tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the Ministry of Finance and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax ("**VAT**").

Pursuant to the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (《財政部、税務總局關於調整增值税税率的通知》) which was promulgated by the Ministry of Finance and the State Taxation Administration and coming into effect on May 1, 2018, the tax rates of 17% and 11% applicable to any taxpayer's VAT taxable sale or import of goods are adjusted to 16% and 10%, respectively. Pursuant to the Announcement on Relevant Policies for Deepening the Value-added Tax Reform (《關於深化增值税改革有關政策的公告》) promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs and becoming effective on April 1, 2019, the value added tax rates were adjusted to 13% and 9%, respectively.

REGULATIONS ON FOREIGN EXCHANGE

Foreign Exchange Regulation

On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) which became effective on April 1, 1996. Foreign exchange payments under current account items shall, pursuant to the administrative provisions of the foreign exchange control department of the State Council on payments of foreign currencies and purchase of foreign currencies, be made using self-owned foreign currency or foreign currency purchased from financial institutions engaging in conversion and sale of foreign currencies by presenting the valid document. Domestic entities and domestic individuals making overseas direct investments or engaging in issuance and trading of overseas securities and derivatives shall process registration formalities pursuant to the provisions of the foreign exchange control department of the State Council.

Pursuant to the Notice on Relevant Issues Concerning the Administration of Foreign Exchange for Overseas Listing (《關於境外上市外匯管理有關問題的通知》) issued by the SAFE on December 26, 2014, the domestic companies shall register the overseas listed with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

According to the Notice of the State Administration of Foreign Exchange on Further Deepening Reforms to Promote the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知》), which was promulgated by the SAFE on December 4, 2023 and effective from the same date, foreign exchange funds raised by domestic enterprises from overseas listings may be directly remitted into a capital account settlement account, and funds in the capital account settlement account may be freely settled and used.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

Pursuant to the Overseas Listing Trial Measures issued by the CSRC and effective from March 31, 2023, where a domestic company seeks overseas securities issuance and listing, the issuer shall file with the CSRC in accordance with the Overseas Listing 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.

Pursuant to the Management Trial Measures, overseas securities issuance and listing is not allowed if one of the following circumstances exists: (I) financing through listing is explicitly prohibited by laws, administrative regulations or relevant national regulations; (II) the overseas offering and listing may endanger national security as determined by the relevant competent department under the State Council after examination pursuant to the law; (III) a domestic enterprise or its controlling shareholder or actual controller has committed a criminal crime of corruption, bribery, embezzlement, misappropriation of property or disrupting the order of the socialist market economy in the last three years; (IV) a domestic enterprise is under formal investigation pursuant to the law for being suspected of any crime or major violation of laws and regulations, but no clear conclusions have been made; or (V) there is a major dispute over ownership of the equity held by the controlling shareholder or a shareholder controlled by the controlling shareholder or the actual controller.

LAWS AND REGULATIONS ON SANCTIONS AND EXPORT CONTROL

United States

The Office of Foreign Assets Control ("**OFAC**") is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, the Crimea region of Russia/Ukraine, and the self-proclaimed Luhansk People's Republic ("**LPR**") and Donetsk People's Republic ("**DPR**") regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List.

REGULATORY OVERVIEW

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter.

The UNSC measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

The United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

U.S. Export Controls

The United States has implemented and has proposed additional restrictions, some of which may impact Chinese companies, including us. The United States has increased export controls.

Restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the U.S. Department of Commerce (the "**BIS**"), which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met.

In addition, EAR also maintains a list of items, software, and technology that are subject to export controls (the "**Commerce Control List**"). BIS can also implement unilateral licensing requirements and other controls on items subject to U.S. export controls jurisdiction that can restrict exports and reexports to certain countries, as well as transfers within a country to a different end-user or end-use. The Commerce Control List is divided into ten categories, represented by the first digit of the Export Control Classification Number ("**ECCN**"). Each ECCN is subject to the respective control(s) and licensing requirement applicable for sales to controlled countries and/or entities.

HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our history can be traced back to 2001, when our company was founded by Dr. Yuan with the vision to be a global pharmaceutical company. Over two decades later, we have realized this vision and spearheaded breakthroughs in metabolic and respiratory diseases and other therapeutic areas with significant disease burden. Throughout our journey, we have built a diversified portfolio comprising APIs/intermediates, generics, and innovative drugs, leveraging our multidisciplinary expertise and industry-leading R&D capabilities. Today, our global commercial network spanning over 40 countries and regions, combined with integrated operational capabilities, positions us to capture growing international market opportunities.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our key corporate and business development milestones:

Year	Milestones
2001	Our Company was established in Suzhou, China.
2013	We commenced production, which marks our evolution into a fully integrated pharmaceutical group.
	We passed the cGMP inspection of the FDA of the U.S. for the first time.
2015	Our Company was converted into a joint stock company with limited liability and was then renamed as BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司).
	We passed the GMP inspection of EMA for the first time.
2016	We passed the GMP inspection of Japanese Pharmaceuticals and Medical Devices Agency for the first time.
2017	We steadily expanded our global footprint, passing the GMP inspection of Ministry of Food and Drug Safety of South Korea for the first time and the FDA inspection with "No Action Indication" classification.
2019	Our Company was listed on the SSE STAR Market in November 2019 (stock code: 688166).
2022	We were listed as "National Enterprise Technology Center" (國家企業技術中心) by the NDRC.
2024	We initiated a phase 3 clinical trial of BGM0504 injection for obesity/overweight in China.
2025	We initiated a phase 3 clinical trial of BGM0504 injection for T2DM in China.
	We initiated a phase 1 clinical trial for BGM1812 injection for the treatment of obesity/overweight in the U.S.
	We submitted an IND application to the NMPA for BGM1812 injection to treat obesity/overweight.

Year	Milestones
	We received marketing approval from the NMPA for budesonide suspension for inhalation.
	We have initiated phase 1 clinical trials for BGM0504 tablets (being one of the only three oral GLP-1/GIP dual agonist candidates at clinical stage globally) for the treatment of obesity/overweight in the U.S. and China.
2026	BGM0504 tablets have achieved positive results in phase 1 clinical trials in the U.S. and China, supporting its continued advancement into phase 2 clinical studies as a potential once-daily oral treatment for overweight/obesity.

OUR MAJOR SUBSIDIARIES

Set out below are the major subsidiaries that made material contributions to our results of operations during the Track Record Period.

	Name	Principal business activities	Date and place of establishment and commencement of business
1. . .	BrightGene Pharmaceutical	R&D and manufacturing of pharmaceutical products	March 31, 2010, PRC
2. . .	Taixing BrightGene	Manufacturing of pharmaceutical products	January 26, 2007, PRC
3. . .	HK BrightGene	Overseas investment platform	May 9, 2018, Hong Kong
4. . .	Atmen Pharmaceutical	R&D of pharmaceutical products	July 9, 2020, PRC
5. . .	Chongqing Qiantai	R&D of Microbial medicines	November 2, 2021, PRC
6. . .	Wuxi BrightGene	R&D of innovative drugs	November 19, 2021, PRC
7. . .	Atsenbo Pharmaceutical	R&D of pharmaceutical products	November 25, 2021, PRC
8. . .	BrightGene InnoPharma	R&D of innovative drugs	June 25, 2023, PRC
9. . .	Singapore BrightGene	Overseas R&D	May 10, 2024, Singapore

Our Company held the entire or majority of the equity interest in the above Major Subsidiaries throughout the Track Record Period. See Note 1 of the Accountants' Report as set out in Appendix I to this document.

For details of changes in the registered capital of our subsidiaries, see "Statutory and General Information — Further Information about Our Group — Changes in the Share Capital of Our Subsidiaries" in Appendix VII to this document.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

In 2001, our Company was established by Dr. Yuan in Suzhou, China as a limited liability company with an initial registered capital of US$61,000.

Conversion into a Joint Stock Company with Limited Liability and Listing on the SSE STAR Market

Following several rounds of equity transfers and capital injections, the registered capital of our Company was increased to RMB35 million in August 2015. In September 2015, our Company was converted into a joint stock company with limited liability and was then renamed as BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司).

In November 2019, we completed the listing of our A shares on the SSE STAR Market (stock code: 688166) (the "**A-Shares Listing**"). In the A-Share listing, we issued an aggregate of 41,000,000 A Shares, accounting for 10% of our Company's enlarged share capital immediately following the A-Shares Listing.

Issuance of Convertible Bonds

As approved by the Shareholders' general meeting in April 2021 and the CSRC in November 2021, our Company conducted a public issuance of the Convertible Bonds to raise funds mainly for construction of drug manufacture base and biopharmaceutical R&D center in Suzhou. A total of 4,650,000 Convertible Bonds were issued at a par value of RMB100 and were listed on the Shanghai Stock Exchange (bond code: 118004) on January 27, 2022.

The coupon rate of the Convertible Bonds is 0.4% for the first year, 0.6% for the second year, 1% for the third year, 1.5% for the fourth year, 2.5% for the fifth year and 3% for the sixth year. The conversion period is from the first trading day after six months from the date of completion of the issuance of the Convertible Bonds to the maturity date of the Convertible Bonds (the "**Maturity Date**"), namely from July 11, 2022 to January 3, 2028 (the "**Conversion Period**"), with initial conversion price as RMB35.68 per A Share which has been continually adjusted with reference to our Company's distribution and dividend payments as well as changes in share capital. The Convertible Bonds and A Shares issuable upon conversion pursuant to an exercise of the conversion right by bondholders are not subject to any restrictions on transfer or lock-up arrangement. The holders of the Convertible Bonds will not have any special rights attached thereto which are not generally available to other Shareholders upon [REDACTED].

All outstanding Convertible Bonds as at the Maturity Date will be redeemed by our Company within five trading days of the Maturity Date, at a price of 115% of their face value (including the final installment of interest). Prior to the Maturity Date, the Company has the right to redeem part or all of the outstanding Convertible Bonds at the price of their face value plus the current accrued interest in the event that (i) during the Conversion Period, the closing price of our Company's A Shares on at least 15 trading days in any 30 consecutive trading days is not less than or equal to 130% of the prevailing conversion price, or (ii) the aggregate principal amount underlying the outstanding Convertible Bonds decreases to less than RMB30,000,000. From April 7, 2026 to April 27, 2026, the closing price of the Company's A Shares met the criteria of not being lower than 130% of the prevailing conversion price (i.e., RMB45.16 per A Share) for 15 trading days out of 30 consecutive trading days. Consequently, the aforementioned early redemption condition was satisfied. On April 27, 2026, the Company decided to exercise its early redemption right and redeem all outstanding Convertible Bonds at the price of their face value plus the current accrued interest. The last trading day of the Convertible Bonds will be May 18, 2026, and trading will be suspended from May 19, 2026. The last conversion date will be May 21, 2026, and the Convertible Bonds will be delisted on May 22, 2026.

As of the Latest Practicable Date, the aggregate principal amount underlying the outstanding Convertible Bonds was RMB187,043,000. Assuming a conversion price of RMB34.74 per A Share, which was the prevailing conversion price as of the Latest Practicable Date, the aggregate number of the A Shares may be issued upon full conversion of the outstanding Convertible Bonds would be 5,384,082 A Shares, representing approximately [REDACTED]% of the issued share capital of our Company immediately following the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED]) on a fully-diluted basis.

To the best knowledge and belief of the Company, during the Track Record Period and up to the Latest Practicable Date, none of holders of Convertible Bonds is also core connected person of the Company as defined under the Listing Rules.

Private Placement of A Shares in 2022

As approved by the Shareholders' general meeting in May 2022 and the CSRC in November 2022, our Company conducted a private placement of its A Shares to raise funds mainly for construction of drug manufacture base and biopharmaceutical R&D center in Suzhou, R&D projects of innovative drugs and working capital supplement. A total of 12,464,966 A Shares were issued in the placement to four investors, all of whom were Independent Third Parties. The placement raised net proceeds of approximately RMB219.8 million. Following the completion of the private placement, the Company's total issued share capital increased to 422,465,050 A Shares.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

In February 2026, our Company initiated a capital reduction procedure for Suzhou Ruihe Pharmaceutical Technology Co., Ltd. ("**Suzhou Ruihe**"), a then subsidiary of our Company, resulting in the relevant shareholding decreased from 67% to 33.67% and Suzhou Ruihe ceased to be a subsidiary of our Company. Suzhou Ruihe was established with a primary focus on the development of radiopharmaceutical conjugates, a field that differs significantly from our core business activities and primary research directions. To promptly recover investment costs and avoid the dispersion of our R&D focus, our Company decided to reduce the equity interest in Suzhou Ruihe. The consideration for the capital reduction was RMB15 million, determined through arm's length negotiation with reference to Suzhou Ruihe's development status. This capital reduction is not expected to have any material adverse impact on our Company's business operations or financial performance.

Save as disclosed above, our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

POST TRACK RECORD PERIOD ACQUISITION

We have conducted acquisition after the Track Record Period and up to the Latest Practicable Date. We have applied to the Stock Exchange for, and the Stock Exchange [has agreed to grant us], a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules in relation to the acquisition. See "Waivers from Strict Compliance with the Listing Rules — Business Acquired or to be Acquired after the Track Record Period" for alternative disclosure of the acquisition.

OUR [REDACTED] ON THE SSE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since November 2019, our Company has been listed on the SSE STAR Market. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the SSE STAR Market Listing Rules and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the [REDACTED] attention in relation to our compliance record on the SSE STAR Market. Our PRC Legal Advisors are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor's attention that would cause them to disagree with the Directors' confirmation with regard to the compliance records of the Company on the SSE STAR Market.

Our Company seeks to [REDACTED] on the Hong Kong Stock Exchange to further advance our global expansion strategy, establish an international equity financing platform, better attract overseas [REDACTED] and talents, optimize our shareholding structure and enhance our overall competitiveness. See "Business — Our Business Strategies" and "Future Plans and [REDACTED]" in this document for more details.

[REDACTED]

Satisfaction of the [REDACTED] Requirement

Rule 19A.13A(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] is sought that are held by the public, at the time of [REDACTED], must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the Shanghai Stock Exchange. Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are issued in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], our H Shares to be issued in connection with the [REDACTED] will represent [REDACTED]% of our Company's total issued Shares immediately following the [REDACTED] (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date), which would result in the expected [REDACTED] of the total issued H Shares held by the public to be HK$[REDACTED] million, at the time of the [REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the low end of the [REDACTED] range stated in this document). As such, it is expected that the Company will be in compliance with the [REDACTED] requirements set forth under Rule 19A.13A(2) of the Listing Rules.

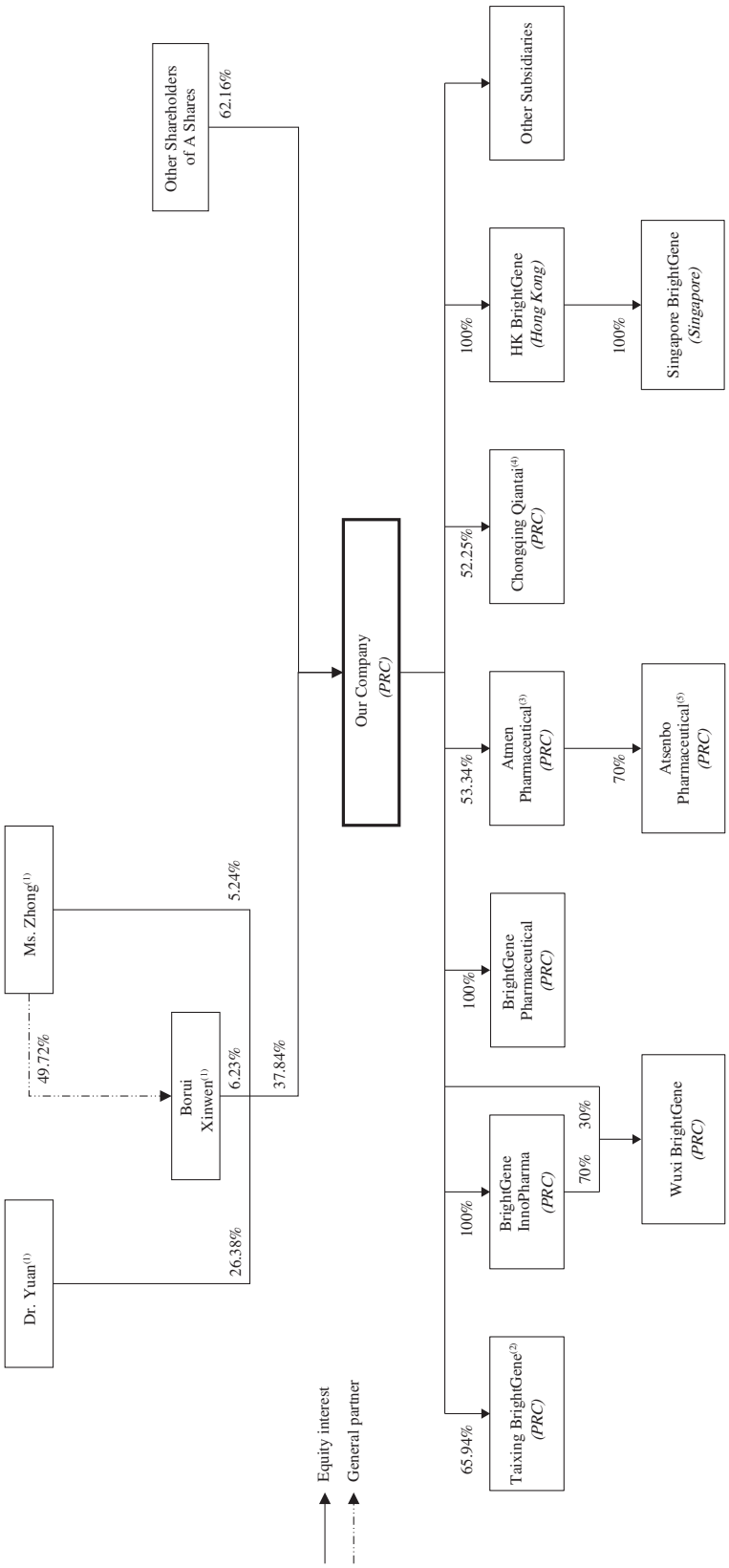
Satisfaction of the [REDACTED] Requirement

Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of [REDACTED], this will normally mean that the portion of H shares for which [REDACTED] 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 [REDACTED], must: (a) represent at least 5% of the total number of issued shares in the class to which H shares belong at the time of [REDACTED] (excluding treasury shares), with an expected market value at the time of [REDACTED] of not less than HK$50,000,000; or (b) have an expected market value at the time of [REDACTED] of not less than HK$600,000,000. Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are issued and sold to [REDACTED] shareholders in the [REDACTED] and not subject to any disposal restriction; (ii) the [REDACTED] is not exercised; and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED] and (iv) there is no cornerstone placing in the [REDACTED], our H Shares represent approximately [REDACTED]% of our Company's total issued Shares immediately following the [REDACTED] (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date), and have an expected [REDACTED] held by the [REDACTED] and not subject to any disposal restrictions at the time of [REDACTED] of HK$[REDACTED] million (assuming an [REDACTED] of HK$[REDACTED] per [REDACTED], being the low end of the [REDACTED] range stated in this document). As such, it is expected that the Company will be in compliance with the [REDACTED] requirements set forth under Rule 19A.13C(2) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group immediately before the completion of the [REDACTED], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to [REDACTED]:



Notes:

(1) As of the Latest Practicable Date, Dr. Yuan directly held approximately 26.38% of the total issued shares of our Company. Ms. Zhong directly held approximately 5.24% of our total issued shares and was interested in approximately 6.23% of our total issued shares held by Borui Xinwen, in which Ms. Zhong held 49.72% partnership interest and served as the general partner. Collectively, Dr. Yuan, Ms. Zhong and Borui Xinwen held approximately 37.84% of the total issued shares of our Company, representing approximately 37.89% of the total voting rights our Company (excluding 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). As advised by our PRC Legal Advisor, Ms. Zhong is deemed to be a person acting in concert with Dr. Yuan pursuant to appliable PRC laws and regulations. For details, see "Relationship with our Controlling Shareholders" and "Substantial Shareholders."

As of the Latest Practicable Date, Borui Xinwen is owed by (1) Ms. Zhong as to 10.09% as the sole general partner; (2) 42.15% by Li Bin (李彬), an Independent Third Party, as a limited partner; and (3) 47.76% by other 45 limited partners, with each of whom holding less than 30%. Notwithstanding the above, none of the limited partners of Borui Xingwen is beneficially interested in 10% or more pursuant to the partnership agreement in which their respective economic entitlements are set out.

(2) As of the Latest Practicable Date, Taixing BrightGene was held by Suzhou Xinborui Investment Co., Ltd. (蘇州信博瑞投資有限公司) ("**Xinborui Investment**") as to 27.19% and Zhejiang Fuzhe Yongyuan Shanhai Venture Capital Partnership (Limited Partnership) (浙江富浙甬元山海創業投資合夥企業(有限合夥)) ("**Zhejiang Fuzhe**") as to 6.87%, respectively. Xinborui Investment is a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), the shares of which are listed on the Hong Kong Stock Exchange (stock code: 1359). The general partner of Zhejiang Fuzhe is Zhejiang Fuzhe Private Equity Fund Management Co., Ltd. (浙江富浙私募基金管理有限公司), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Zhejiang Provincial People's Government ("**Zhejiang SASAC**"). The only limited partner holding 30% or more interest in Zhejiang Fuzhe is Zhejiang Guoyou Capital Operation Co., Ltd. (浙江省國有資本運營有限公司), which is ultimately controlled by Zhejiang SASAC. Each of Xinborui Investment and Zhejiang Fuzhe and their respective ultimate beneficial owners are Independent Third Parties.

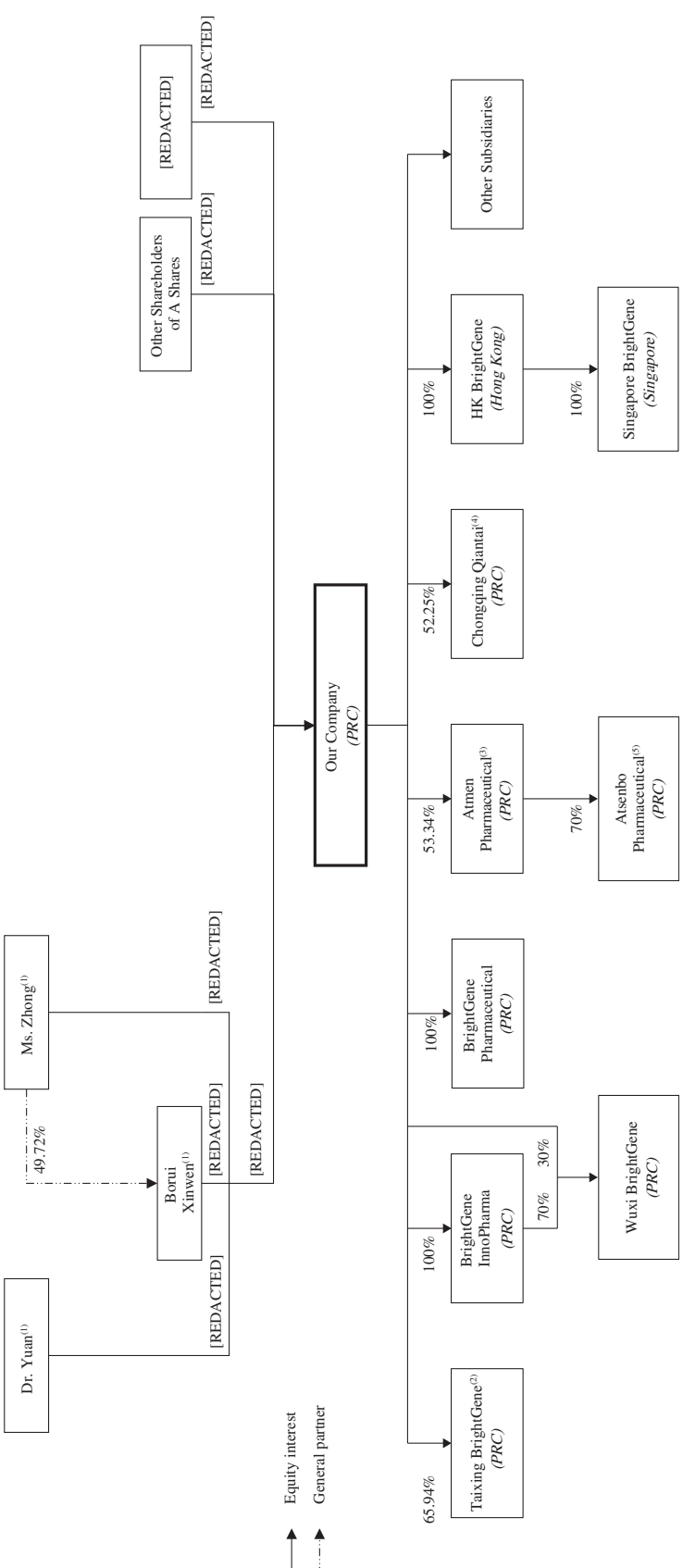
(3) As of the Latest Practicable Date, Atmen Pharmaceutical was owned as to (i) 25.16% by Ningbo Ruizhi Bosi Enterprise Management Partnership (Limited Partnership) (寧波銳智博思企業管理合夥企業(有限合夥)), a limited partnership in which Mr. Tong Zhenbo (佟振博), a director of Atmen Pharmaceutical, serves as the general partner and which holds approximately 47.75% partnership interests in the partnership. Ningbo Ruizhi Bosi Enterprise Management Partnership (Limited Partnership) has four limited partners, all being Independent Third Parties, and none of them holds more than 30% partnership interests therein; (ii) 8.39% by Hainan Wanbiling Venture Capital Partnership (Limited Partnership) (海南丸必靈創業投資合夥企業(有限合夥)), whose general partner is Mr. Gong Bin (龔斌), an Independent Third Party, holding approximately 99.99% partnership interests therein; (iii) 3.02% by Suzhou Hongbo Phase II Investment Partnership (Limited Partnership) (蘇州鴻博二期投資合夥企業(有限合夥)) ("**Suzhou Hongbo**") whose general partners are (1) WinDigital Investment Management Co., Ltd. (北京博儒鴻裕投資管理有限公司) holding 1% partnership interest therein, which is controlled as to 80.00% by Beijing Boru Xincheng Investment Management Co., Ltd. (北京博儒信誠投資管理有限公司), which is held by Ms. Du Hongpin (杜鴻玭) as to 50.10% and Mr. Li Yuezhong (李月中) as to 49.90%, each an Independent Third Party; and (2) Beijing Baiao Pharmaceuticals Co., Ltd. (北京百奧藥業有限責任公司) holding 22% interests therein, which is in turn wholly owned by Jiangsu Langyan Life Technology Holdings Co., Ltd. (江蘇朗研生命科技控股有限公司), a company owned as to 32.84% by Li Qian (利虔) and other 37 minority shareholders with each holding less than 30% interests therein, each an Independent Third Party. Suzhou Hongbo has five limited partners. Our Company is the largest limited partner and holds 42% partnership interests. No other limited partners of Suzhou Hongbo held over 30% interests therein; (iv) an aggregate of 3.86% by Suzhou Bogao Phase 21 Venture Capital Partnership (Limited Partnership) (蘇州博高貳壹期創業投資合夥企業(有限合夥)) ("**Suzhou Bogao Phase 21**"), Suzhou Bogao Phase 22 Venture Capital Partnership (Limited Partnership) (蘇州博高貳貳期創業投資合夥企業(有限合夥)) ("**Suzhou Bogao Phase 22**"), Suzhou Bogao Phase 23 Venture Capital Partnership (Limited Partnership) (蘇州博高貳叁期創業投資合夥企業(有限合夥)) ("**Suzhou Bogao Phase 23**"). Each of Suzhou Bogao Phase 21, Suzhou Bogao Phase 22 and Suzhou Bogao Phase 23 is an employee shareholding platform. The general partners of Suzhou Bogao Phase 21, Suzhou Bogao Phase 22 and Suzhou Bogao Phase 23 are Ms. Yin Beibei (尹蓓蓓), Mr. Gu Jianing (顧家寧) and Mr. Li Yongjiang (李永江), respectively, each of whom is an employee of our Group. Except for Dr. Yuan, who holds 38.43% of the partnership interest in Suzhou Bogao Phase 21, none of the remaining limited partners holds more than 30% of the partnership interests in any of the three partnerships; and (v) an aggregate of 6.23% by other three minority shareholders, being Changsha Jingji Biomedical Industry Investment Partnership (Limited Partnership) (長沙精濟生物醫藥產業投資合夥企業(有限合夥)), Suzhou Dongwu Industry Mergers and acquisitions Guidance Fund Partnership (Limited Partnership) (蘇州東吳產業併購引導基金合夥企業(有限合夥)) and Suzhou Longtao Hezhi Enterprise Management Partnership (Limited Partnership) (蘇州瀧韜合智企業管理合夥企業(有限合夥)). To the best knowledge of our Directors having made all reasonable enquiries, all three minority shareholders of Atmen Pharmaceutical are Independent Third Parties.

(4) As of the Latest Practicable Date, Chongqing Qiantai was owned as to (i) 24.7% by Future Industry Investment Fund II (Limited Partnership) (先進製造產業投資基金二期(有限合夥)) ("**FIIF II**"), whose general partner and manager is CS Capital Co., Ltd. (國投招商投資管理有限公司) ("**CS Capital**"). CS Capital has 10 shareholders with two largest shareholders each holding 21.05% equity interest, including China SDIC Gaoxin Industrial Investment Corp. Ltd. (中國國投高新產業投資有限公司) which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), a PRC Governmental Body as defined under the Listing Rules, and China Merchants Capital Management Co., Ltd. (招商局資本管理有限責任公司), which is indirectly owned as to 50% by China Merchants Financial Holdings Co., Ltd. (招商局金融控股有限公司), which in turn is ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council; (ii) 7.60% by China Insurance Investment Co., Ltd. (中保投資有限責任公司) ("**China Insurance Investment**"), a limited liability company established under the laws of the PRC, and an investment platform established pursuant to the Official Reply of the State Council regarding the Proposal on the Establishment of the China Insurance Investment Fund (國務院關於中國保險投資基金設立方案的批覆). None of the 46 shareholders of China Insurance Investment holds more than 5% interest therein; (iii) 6.65% by Chongqing Beibei Xizheng Private Equity Investment Fund Partnership (Limited Partnership) (重慶北碚西證私募股權投資基金合夥企業(有限合夥)); (iv) 5.0% by Chongqing Qianjin Enterprise Management Partnership (Limited Partnership) (重慶乾縉企業管理合夥企業(有限合夥)) ("**Chongqing Qianjin**"), an employee shareholding platform of Chongqing Qiantai. The general partner of Chongqing Qianjin is Mr. Liu Shengwei (劉省偉), an employee of Chongqing Qiantai holding 30% partnership interest therein. Chongqing Qianjin has 21 limited partners, all being employees of Chongqing Qiantai. Mr. Guo Ming (郭明), being the largest limited partner of Chongqing Qianjin, holds approximately 34.00% partnership interests therein. None of the remaining limited partners of Chongqing Qianjin holds more than 30% partnership interests therein; and (v) 3.80% by Nanjing Zijin Biomedical Industry Investment Fund Partnership (Limited Partnership) (南京市紫金生物醫藥產業投資基金合夥企業(有限合夥)). Save as disclosed above, to the best knowledge of our Directors and having made all reasonable enquiries, all minority shareholders and their respective ultimate beneficial owners of Chongqing Qiantai are Independent Third Parties.

(5) As of the Latest Practicable Date, Atsenbo Pharmaceutical was owned as to 30.0% by Suzhou Shenbo Medical Technology Co., Ltd. (蘇州申博醫療科技有限公司), which is ultimately controlled by Mr. Ren Hongxian (任紅賢), who holds 50.00% of its equity interest and is a director and the manager of Atsenbo Pharmaceutical; (ii) Suzhou Jianqing Shenbo Enterprise Management Partnership (Limited Partnership) (蘇州建清申博企業管理合夥企業(有限合夥)) as to 45.0%, which is in turn controlled by Mr. Ren Hongxian as to 40.75% as the general partner, and Ms. Wang Dandan (王丹丹) and Mr. Wang Xiaobo (王小波) each as to 37.03% and 22.22% as limited partners; and (iii) Ms. Hu Qiujie (戶秋潔) as to 5.0%. Each of Ms. Wang Dandan, Mr. Wang Xiaobo and Ms. Hu Qiujie is an Independent Third Party.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart depicts a simplified shareholding and corporate structure of our Group upon completion of the [REDACTED], assuming that the [REDACTED] are not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



Note: See "— Shareholding and Corporate Structure Immediately Before the [REDACTED]"

BUSINESS

OVERVIEW

We are a global pharmaceutical company with a commercial network spanning over 40 countries and regions. Founded in 2001, we have built a diversified portfolio comprising active pharmaceutical ingredients (APIs)/intermediates, generics, and innovative drugs, leveraging our multidisciplinary expertise and industry-leading R&D capabilities.

Our marketed product portfolio comprises over 40 finished drug products and APIs/intermediates, underscoring our proven ability to overcome complex technological challenges and bringing pharmaceutical products to the market. Building on our foundation in high-barrier generics and specialty APIs, we have successfully advanced into innovative therapeutics with a globally competitive pipeline. As of the Latest Practicable Date, we had six major innovative drug candidates, spearheaded by BGM0504, a GLP-1/GIP dual agonist with global best-in-class potential for the treatment of type 2 diabetes (T2DM) and obesity/overweight. According to CIC, in terms of development progress, BGM0504 currently ranks among the three most advanced clinical-stage GLP-1/GIP dual agonist candidates globally, both in injectable and oral dosage forms.

During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. We maintain a diversified portfolio of marketed products, including over 40 finished drug products and APIs/intermediates as of the Latest Practicable Date. The portfolio of marketed products supports continued investment in our product pipeline, enabling us to pursue long-term innovation opportunities while managing the inherent risks of pharmaceutical development. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively.

We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. Our metabolic disease pipeline is anchored by two lead innovative drug candidates: BGM0504 (GLP-1/GIP dual agonist) and BGM1812 (long-acting amylin analog), each developed in both injectable and oral dosage forms to maximize patient accessibility. For respiratory diseases, we are developing advanced inhalation product candidates with high barriers to entry, leveraging the sophisticated delivery systems derived from our drug-device combination platform. Beyond our deep focus on metabolic and respiratory diseases, we are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology. As of the Latest Practicable Date, we had six major innovative drug candidates.

We are committed to R&D investment, which enabled us to assemble a suite of technology platforms encompassing peptide technology, drug-device combinations, synthetic biology, and oral formulation. These capabilities, combined with our integrated operations — from starting materials through high-complexity APIs/intermediates to finished products — position us uniquely to meet growing global demand for end-to-end pharmaceutical partnership. Our global commercial footprint extends across over 40 countries and regions, embodying our differentiated collaborative model that generates sustained income while showcasing the proven synergy we have achieved between technological innovation and commercial success. Meanwhile, our established manufacturing systems demonstrate our high quality standards and enable us to conduct cGMP-compliant operations across different jurisdictions, leveraging local resources and market presence to expand our overall production capacity and capture growing opportunities worldwide.

OUR COMPETITIVE STRENGTHS

We are a global pharmaceutical company spearheading breakthroughs in metabolic and respiratory diseases and other therapeutic areas with significant disease burden.

China's pharmaceutical market has entered a new era of transformative growth and innovation, propelled by favorable policy initiatives and attracting unprecedented global investment and engagement. For over 24 years since inception, we have consistently pursued an innovation-focused strategy, establishing high technological barriers across our diversified product portfolio.

In our initial years, we focused on developing and commercializing generic pharmaceuticals, including technically complex generic drugs and specialty APIs/intermediates. Building on this foundation, we have strategically expanded into innovative therapeutics, establishing a globally competitive product pipeline. As of the Latest Practicable Date, we had six major innovative drug candidates, spearheaded by BGM0504, a GLP-1/GIP dual agonist with global best-in-class potential for the treatment of type 2 diabetes (T2DM) and obesity/overweight. As of the same date, our marketed product portfolio comprised over 40 finished drug products and APIs/intermediates, generating cash flows to support our ongoing investment in innovative R&D. This dual approach — combining generics with innovative therapies — provides near-term revenue stability and long-term growth potential while effectively mitigating the inherent risks of pharmaceutical development.

We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. According to CIC, metabolic and respiratory diseases accounted for approximately 20.0% of the global pharmaceutical market in 2025, totaling US$373.7 billion, and are expected to grow at a CAGR of 7.9% from 2026 to 2035, outpacing overall market growth. Our metabolic disease pipeline is anchored by two lead innovative drug candidates: BGM0504 (GLP-1/GIP dual agonist) and BGM1812 (long-acting amylin analog), each developed in both injectable and oral dosage forms to maximize patient accessibility. For respiratory diseases, we are developing advanced inhalation product candidates with high barriers to entry, leveraging the sophisticated delivery systems derived from our drug-device combination technology platform. Beyond our deep focus on metabolic and respiratory diseases, we are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology.

To support our sustained innovation and competitiveness, we are committed to R&D investment. This commitment is underpinned by our deep expertise across biochemistry, microbiology, drug-device combination technologies and delivery systems, exemplified by four technology platforms: peptide technology platform, drug-device combination platform, synthetic biology platform, and oral formulation platform. These integrated platforms collectively serve as the foundation for our diversified product portfolio, including our pipeline of innovative drug candidates and generics.

Furthermore, the development of our international operations remains a cornerstone of our long-term growth strategy. We are advancing our innovative drug pipeline through global clinical trials across China, the U.S. and Southeast Asia, while our marketed products reach over 40 countries and regions globally. This two-pronged globalization strategy — encompassing both clinical development and commercial operations — demonstrates our capability to navigate complex regulatory landscapes and diverse market environments, while deepening our global market presence and building recognition across the international value chain.

We have developed a strong portfolio of innovative clinical-stage drug candidates with global best-in-class potential targeting metabolic diseases.

Our metabolic disease pipeline targets therapeutic areas with fast-growing patient populations and persistent gaps in therapeutic efficacy. This portfolio is anchored by our two lead innovative drug candidates: BGM0504, our GLP-1/GIP dual agonist targeting T2DM and obesity/overweight, and BGM1812, our long-acting amylin analog.

BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential

Leveraging our robust R&D capabilities, we have developed BGM0504 — a novel GLP-1/GIP dual agonist with global best-in-class potential. By simultaneously targeting GLP-1 and GIP and activating their downstream pathways, BGM0504 has demonstrated broad therapeutic potential for metabolic diseases, delivering effective glycemic control, weight reduction, and treatment of other comorbidities (such as MASH).

We are rapidly advancing BGM0504 through global clinical trials across China, the U.S., and Southeast Asia. Clinical trials in China and Indonesia have entered phase 3, with NDA submissions anticipated as early as 2026. As of the Latest Practicable Date, there was only one GLP-1/GIP dual agonist approved globally, namely tirzepatide. According to CIC, in terms of development progress, BGM0504 currently ranks among the three most advanced clinical-stage GLP-1/GIP dual agonist candidates globally, both in injectable and oral dosage forms.

The key advantages of BGM0504 include:

- ***Optimized design with enhanced potency and prolonged duration***. Through AI and computational modeling, we identified molecular elements essential for GLP-1/GIP dual agonism. Leveraging our peptide technology platform, we employed novel molecular modifications that establish a pivotal salt bridge with receptors, resulting in enhanced receptor activation. Additionally, introduction of functional acylation side chains gave BGM0504 a more compact and optimized spatial configuration, thereby maintaining prolonged plasma half-life with enhanced stability and receptor binding affinity, supporting once-weekly dosing. In preclinical studies, BGM0504 exhibited EC_{50} values of 0.031 nM and 0.182 nM at GLP-1 and GIP receptors, respectively, demonstrating a twofold to threefold increase in agonistic activity compared to tirzepatide. These attributes position BGM0504 as a potential global best-in-class therapy for T2DM and obesity/overweight treatment.

- ***Robust clinical efficacy and favorable safety profile***. In our head-to-head phase 2a clinical trial against semaglutide in patients with T2DM, BGM0504 demonstrated efficacious glycemic control across three dose groups: after treatment completion, HbA1c reductions were 1.99%, 2.21%, and 2.76% in the 5 mg, 10 mg, and 15 mg BGM0504 groups, respectively, compared to 1.71% in the 1 mg semaglutide group. Achievement of the therapeutic target of HbA1c $<7.0\%$ was observed in 76.9%, 81.8%, and 91.7% of subjects in the three BGM0504 groups, respectively, compared to 75.0% in the 1 mg semaglutide group. Notably, 41.7% of the subjects in the 15 mg BGM0504 group achieved both the glycemic control target (HbA1c $<6.5\%$) and significant weight loss ($\geq 10\%$) — a challenging composite endpoint that addresses T2DM's metabolic complexity.

  In its phase 2 trial in obesity/overweight patients without diabetes, BGM0504 demonstrated substantial and dose-dependent weight reduction effects. At week 26, 28 and 30, subjects in the 5 mg, 10 mg, and 15 mg BGM0504 groups achieved weight reductions of 10.77%, 16.21%, and 19.78%, respectively. These weight reductions were accompanied by significant improvements in several other cardiometabolic parameters, including waistline reduction ranging from 8.0 cm to 12.98 cm, and meaningful blood pressure improvements.

Across both trials, BGM0504 maintained a favorable safety and tolerability profile. Adverse events were predominantly grade 1–2, with no reported hypoglycemia or unexpected adverse reactions.

- ***Significant market opportunity for oral GLP-1 agonists***. While GLP-1/GIP dual agonists demonstrate enhanced efficacy, no oral dosage forms had been approved as of the Latest Practicable Date. According to CIC, the market size of oral GLP-1 agonists was US$3.5 billion in 2025 and is expected to reach US$59.6 billion in 2035, representing a CAGR of 23.7% from 2026 to 2035. Leveraging our expertise in formulation science and delivery systems, we are developing BGM0504 tablets, which has the potential to overcome the bioavailability challenges inherent to peptide drugs and significantly improve patient adherence. We have initiated phase 1 clinical trials for BGM0504 tablets for the treatment of obesity/overweight in the U.S. and China. As of the Latest Practicable Date, in terms of development progress, we were one of the only three oral GLP-1/GIP dual agonist candidates at clinical stage globally.

- ***Multi-pathway combination programs addressing different patient populations.*** BGM0504 may serve as a backbone therapy that can be optimized for different patient populations through multi-pathway targeting. We are developing BGM2102, which combines BGM0504 with BGM1812, our in-house developed long-acting amylin analog, to potentially enhance weight loss while reducing muscle loss in obesity/overweight patients. Mechanistically, BGM0504 targets GLP-1/GIP pathways for glucose control and appetite regulation, while BGM1812 acts through amylin/calcitonin receptors to delay gastric emptying and promote satiety — their complementary mechanisms therefore potentially deliver synergistic efficacy that surpasses single-target therapies. This combination therapy is designed to address the clinical needs of two key patient populations — individuals seeking high-quality weight management outcomes, and severely obese patients with weight loss targets of 20-25% or greater. We plan to initiate clinical trials for BGM2102 in the U.S. in the fourth quarter of 2026 and in China in early 2027, potentially positioning it among the world's first three clinical-stage combination therapies to simultaneously target GLP-1, GIP and amylin pathways.

  For T2DM patients, we are developing BGM2101, which pairs BGM0504 with a once-weekly long-acting insulin analog to deliver comprehensive glycemic control while preserving the weight benefits of GLP-1 therapy. BGM2101 is designed to address inadequate glycemic control with existing therapies and frequent short-acting insulin use, potentially reducing insulin dosage requirements and hypoglycemic risks.

- ***Immense therapeutic potential for T2DM, obesity/overweight and beyond.*** T2DM affected 552.0 million patients globally and 129.8 million in China in 2025, projected to reach 632.5 million globally and 143.9 million in China in 2035. Obesity/overweight affected 2,696.6 million individuals globally and 664.0 million in China in 2025, which are expected to rise substantially to 3,426.7 million globally and 847.5 million in China in 2035. GLP-1 receptor agonists, which have emerged as mainstream treatments for T2DM and obesity/overweight, generated global sales of US$80.4 billion in 2025 (US$2.1 billion in China), which is expected to reach US$204.3 billion in 2035 (US$25.5 billion in China).

We believe BGM0504, with its global best-in-class potential, can deliver superior therapeutic options for T2DM and obesity/overweight patients worldwide and compete effectively in this rapidly expanding market. With enhanced GLP-1/GIP dual receptor agonism, BGM0504 has the potential to achieve therapeutic effects across the interconnected spectrum of metabolic diseases, such as obstructive sleep apnea and MASH, significantly expanding its addressable market.

BGM1812, Long-acting Amylin Analog for Obesity/Overweight

BGM1812, an innovative long-acting amylin analog, activates both the amylin and calcitonin receptors simultaneously, potentially delivering enhanced efficacy at lower doses compared to single-target agents and improved safety.

Developed in both injectable and oral dosage forms, BGM1812 is investigated as a promising treatment for obesity/overweight, with potential clinical applications as monotherapy or in combination regimens. We initiated phase 1 trials for BGM1812 injection in the U.S. in October 2025 and in China in December 2025. We plan to submit IND applications both in China and the U.S. in the second quarter of 2027 to initiate phase 1 trials for BGM1812 tablets for obesity/overweight management. In addition, we are actively exploring the treatment potential of BGM2102, a fixed-dose combination of BGM1812 and BGM0504 as a promising treatment for obesity/overweight.

The key advantages of BGM1812 include:

- ***Innovative molecular design translating into enhanced therapeutic benefits***. BGM1812 is a novel, long-acting amylin analog optimized through artificial intelligence and machine learning to guide critical α-methylation modifications at hydrophobic sites. This creates a functional "hydrophobic cage" that locks the molecule into a high-activity conformation. As a result, BGM1812 demonstrates significantly improved binding affinity and structural stability, optimizing agonist activity while maintaining high solubility.

  In vitro studies demonstrate that BGM1812 is approximately 1.8-fold and 2.2-fold more potent than petrelintide analog at AMY3R and CTR receptors, respectively, with correspondingly lower EC_{50} values, which can potentially translate into superior clinical weight-loss outcomes at lower doses. In diet-induced obese (DIO) rat models, BGM1812 showed dose-dependent weight loss, substantially outperforming petrelintide analog in the 0.04 mg/kg group in both absolute weight reduction and fat-to-lean mass ratio improvement, with PK data confirming BGM1812's prolonged blood concentration maintenance and therefore highlighting durable therapeutic effects. These preclinical data collectively support BGM1812's potential to deliver enhanced weight loss sustainability and therapeutic benefits.

- ***Synergistic combination potential with favorable early-market positioning***. As of the Latest Practicable Date, no long-acting amylin analogs had been approved globally. The long-acting amylin analog drug market is projected to reach over US$30 billion by 2035. Notably, major global pharmaceutical companies are actively investigating amylin analogs' combination potential with GLP-1-based treatments or the development of multi-target agents to address the immense diabetes and obesity/overweight markets. We believe our BGM2102, a fixed-dosed combination of BGM1812 and BGM0504, could potentially establish one of the world's first amylin/GLP-1/GIP combination therapies with blockbuster potential in metabolic diseases. See also "— Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential — Competitive Advantages — Multi-pathway Combination Programs Addressing Different Patient Populations."

- ***Next-generation oral therapy for weight management***. The development of amylin-based therapies has created new expectations among patients and health-aware individuals seeking improved weight management solutions that balance safety, efficacy, and convenience. As a novel therapeutic candidate addressing both metabolic regulation and weight control, BGM1812 tablets are designed to meet these evolving needs by offering clinically meaningful weight loss and a favorable safety profile, with the potential to achieve weekly administration. These characteristics, enabled by pharmaceutical innovation and responsive to healthcare trends, allow BGM1812 to serve both medical treatment paradigms and preventive health approaches.

- ***High-quality weight management with favorable body composition.*** BGM1812 is designed to preserve lean mass while effectively reducing fat mass, potentially distinguishing it from existing obesity/overweight therapies that often compromise muscle during weight loss. This unique profile supports healthier, more sustainable weight management, as lean mass preservation directly impacts basal metabolic rate and long-term metabolic health. BGM1812 could therefore potentially benefit both patients requiring comprehensive metabolic improvement and health-conscious individuals seeking weight management while reducing muscle loss.

We remain committed to pioneering innovative treatments for diabetes, obesity/overweight and other metabolic diseases — a rapidly expanding market with significant unmet needs across clinical settings and lifestyle health management.

We are developing competitive respiratory therapeutics leveraging our innovative delivery systems and drug-device combination platform.

Respiratory diseases represent a substantial global healthcare burden, ranking as the fifth largest chronic disease area worldwide and the seventh largest in China in terms of market size, according to CIC. With the global respiratory drug market reaching US$150.7 billion in 2025, significant unmet needs persist — especially as traditional oral therapies remain limited by systemic side effects and poor patient adherence.

Inhalation therapies offer a clinically validated solution through their site-specific delivery advantages. However, formulation complexities and device engineering requirements have limited the availability of effective inhaled products — a market dynamic that creates significant opportunities for leading developers of advanced drug-device combinations.

Our multidisciplinary expertise and proprietary know-how have created significant competitive barriers through our drug-device combination platform and inhaled product pipeline. Notably, in the field of soft mist inhaler (SMI) drug products, where no generic products achieve approval globally to date due to complex aerosolization mechanisms and precision manufacturing requirements, we have developed deep expertise in formulation-device compatibility and established proprietary technological approaches. Similarly, in dry powder inhaler (DPI) drug products, where approved generics remain scarce due to challenges in particle engineering, powder blending, and airflow optimization, our breakthroughs in micronization and homogeneous mixing technologies have solved these fundamental technical hurdles — demonstrating our ability to overcome industry-wide barriers in respiratory drug delivery.

Based on our core technologies, we have built a respiratory pipeline with significant market value, represented by the following products:

- ***Salmeterol/Fluticasone Dry Powder for Inhalation.*** We are developing a fixed-dose combination product candidate for asthma and COPD comprising two active ingredients: salmeterol, a long-acting β2-agonist (LABA), and fluticasone propionate, an inhaled corticosteroid, delivering both immediate symptom relief and long-term disease control. This product candidate incorporates our proprietary DPI device technology and advanced particle engineering capabilities, which deliver superior drug particle uniformity compared to industry standards, according to CIC. This enhanced particle uniformity enables more consistent and precise drug delivery to target lung regions, resulting in improved bioavailability and potentially superior therapeutic outcomes compared to existing products in the market. According to CIC, the market size for salmeterol/fluticasone dry powder for inhalation in China was RMB1.5 billion in 2025 and is expected to reach RMB2.0 billion by 2035. We are developing salmeterol/fluticasone dry powder for inhalation in 50μg/250μg and 50μg/500μg dosage strengths. We expect to receive marketing approval for these two strengths in the third quarter of 2027.

- ***Budesonide Suspension for Inhalation.*** We have developed a nebulizer-compatible inhaled corticosteroid designed for targeted anti-inflammatory treatment of respiratory conditions. Its suspension formulation provides enhanced drug stability and uniform particle distribution for consistent therapeutic delivery. Nebulized administration offers superior lung penetration while reducing the need for patient coordination, making it particularly suitable for pediatric patients and those unable to effectively use metered-dose inhaler (MDI) or DPI devices. This optimized formulation offers both reliable dosing accuracy and improved treatment compliance, addressing key challenges in respiratory care for vulnerable patient groups. According to CIC, the market size for budesonide suspension for inhalation in China was RMB4.4 billion in 2025 and is expected to reach RMB6.2 billion by 2035. We received marketing approval from the NMPA for budesonide suspension for inhalation in October 2025 and launched this product in December 2025.

- ***Tiotropium Bromide-based Products.*** Tiotropium bromide is a long-acting anticholinergic bronchodilator (LAMA) that selectively blocks M3 receptors on airway smooth muscle, effectively inhibiting bronchoconstriction and providing 24-hour bronchodilation for COPD maintenance therapy. As a cornerstone medication in COPD management, tiotropium bromide represents a critical therapeutic intervention with well-established clinical efficacy and safety profile. Building upon this proven molecule, we are developing three complementary formulations — including tiotropium bromide dry powder for inhalation, tiotropium bromide soft mist for inhalation and tiotropium bromide/olodaterol soft mist for inhalation enabling precision therapy across distinct COPD patient populations and clinical needs. According to CIC, the China tiotropium bromide drug market size reached approximately RMB0.8 billion in 2025 and is projected to grow to RMB1.1 billion by 2035. We expect to receive marketing approvals for our tiotropium bromide-based products between 2026 and 2028.

BUSINESS

We are developing multiple novel therapies to expand our respiratory pipeline, including a potential first-in-class TSLP nanobody inhalation (Category 1 innovative drug), and Category 2 modified new drugs such as ensifentrine inhalation. These candidates are expected to enter clinical development in 2026 and 2027, further strengthening our comprehensive respiratory product portfolio.

We have built industry-leading technology platforms and scientific expertise that enable cutting-edge drug innovation.

Through years of dedicated research, we have assembled a suite of proprietary R&D platforms encompassing peptide technology, drug-device combinations, and synthetic biology, further enhanced by the Macoral® oral formulation platform developed by Oralead Pharma, an associate of our Company. These integrated technological capabilities support our diversified product portfolio spanning metabolic disorders, respiratory diseases, infectious diseases, immunology and oncology.

The highlights of our core technology platforms are summarized below:

- ***Peptide Technology Platform.*** Peptide drugs, typically composed of 10–100 amino acids, bridge the gap between traditional small-molecule chemicals and large biologics (e.g., proteins), exhibiting unique structural and functional properties. They demonstrate high target affinity with low off-target risks, and their hydrolyzed byproducts are amino acids, reducing concerns about toxic metabolites. Notably, GLP-1-based therapies have been clinically validated for diabetes and obesity/overweight treatment, with further potential in various chronic conditions — such as MASH, cardiovascular diseases, and obstructive sleep apnea — highlighting their broad therapeutic applicability.

  Leveraging this platform, we are actively advancing the development of differentiated GLP-1-based therapeutics, with a focus on novel delivery methods (e.g., oral dosage form), multi-target combination therapies, and indication expansion. Our flagship metabolic disease candidate, BGM0504, exemplifies this approach: with an optimized peptide structure, BGM0504 enhances target binding and pharmacological activity, creating a competitive edge in metabolic diseases.

- ***Drug-Device Combination Platform.*** Drug-device combination products are single medical entities that integrate drugs with medical devices, available in forms such as inhalers, intranasal formulations, ophthalmic sprays, and injection pens. They have broad applications in respiratory, metabolic and central nervous system (CNS) diseases, among other therapeutic areas. The development of drug-device combination products is highly complex, requiring expertise across pharmaceutics, medicine, surface science, materials engineering, and mechanical design.

  Inhalation products are especially challenging: particle size strongly influences pulmonary deposition, with effective delivery typically achieved when drug particles are maintained between 1–5 μm. In addition, properties such as charge and bulk density affect dispersion, absorption, and therapeutic effect. Device design is equally important for consistent dosing and particle distribution, while clinical design and administration methods further shape the treatment outcomes. Through years of innovation, we have overcome key R&D hurdles to optimize routes of administration, device design, and clinical practice. This has enabled us to build a differentiated drug-device combination platform and a technically complex inhalation pipeline focused on respiratory diseases.

- ***Synthetic Biology Platform.*** Synthetic biology is an interdisciplinary field that applies engineering principles to redesign natural biological systems or to build *de novo* microbial cell factories for the more efficient production of natural products.

  Building on our expertise in fermentation and semi-synthesis, we have extended upstream to establish a synthetic biology platform that powers more efficient and versatile production systems. We optimize existing microbial strains to enhance efficiency and reduce costs — exemplified by caspofungin and sordarin — while designing new strains to broaden our product portfolio while providing innovative solutions for customers.

- ***Oral Formulation Platform***. The Macoral® oral formulation platform represents a breakthrough in oral administration of peptide drugs and nanobodies, combining innovative mechanisms with lyophilized flash-release formulation technology to significantly enhance the bioavailability of these difficult-to-deliver macromolecules by several-fold.

  This platform features three key technological advantages: (i) intestinal targeting protection coupled with permeation enhancement, (ii) reversible tight-junction modulation enables macromolecule absorption via specialized permeation enhancers, and (iii) enzyme-resistant protection that prolongs drug action duration and improve

plasma concentration persistence. We are committed to leveraging this platform to develop innovative and complex oral peptide drugs that address the patient adherence limitations of traditional injectable therapies.

Our R&D team is led by Dr. Jiandong Yuan and comprised over 270 members as of December 31, 2025, with extensive industry experience from multinational pharmaceutical companies and leading domestic enterprises. To fortify our technological leadership, we maintain rigorous intellectual property protection and have consistently received multiple national-level IP awards. As of December 31, 2025, we had 298 granted patents and 201 patent applications. Our IP portfolio spans multiple countries and regions worldwide, including China, the United States, Japan, Canada, Europe, and South Korea. In February 2025, we were granted BGM0504's compound patent in the United States, providing a solid foundation for its global development plan and competitive differentiation.

We have established a global commercial network and collaborative models that drive value creation.

Our global commercial footprint extends across over 40 countries and regions, supported by a comprehensive portfolio encompassing both specialty APIs/intermediates — with active Drug Master Files (DMFs) registrations across major markets including China, U.S., Europe, Japan, and South Korea — and finished dosage forms. This integrated offering demonstrates our capability to provide pharmaceutical solutions across the value chain spanning from starting materials through high-complexity APIs/intermediates to finished products, positioning us uniquely to capitalize on the growing global demand for end-to-end pharmaceutical partners who can deliver technical excellence, consistent quality, and proven scalability.

Notably, capitalizing on our technological leadership, we have established a collaborative commercial model that sets us apart from industry peers. We manufacture and supply APIs tailored to selected customers' specifications to support their drug commercialization efforts, while securing structured profit-sharing arrangements upon product launch. Income derived from these arrangements is recorded under product sales for the purposes of revenue recognition. To date, we have successfully implemented this model across around 10 API products, particularly with global pharmaceutical partners, building strategic alliances beyond traditional supplier relationships. For example, we served as the exclusive API provider for a chemotherapy drug to one of the world's largest generic pharmaceutical companies and, based on the contractual terms, captured 5% to 15% of gross profits from its final products containing our APIs in key European markets. We also partner with a renowned European pharmaceutical company, where we are responsible for supplying APIs for several generic drug products including micafungin sodium, caspofungin acetate, and anidulafungin, and are entitled to net profit sharing of up to 50% from their finished products incorporating our APIs. This model maximizes our technology's commercial value while strengthening strategic ties with major international pharmaceutical companies.

This differentiated collaborative model, rooted in our proprietary technology, generates sustained income while showcasing the proven synergy we have achieved between technological innovation and commercial success. Looking forward, our established global network and partnerships position us to rapidly scale new products internationally as we strive to commercialize our innovative drugs and other pipeline products.

Our established manufacturing capabilities deliver end-to-end integration, quality assurance and supply chain independence.

We are committed to building world-class manufacturing systems and facilities, which are instrumental to the smooth execution of our clinical trials and reliable delivery of our marketed products. We currently manufacture our finished drug products and APIs/intermediates primarily in-house, in compliance with international cGMP standards.

We currently operate two manufacturing sites, both located in Jiangsu province, China. Our manufacturing facilities in Taixing, Jiangsu specialize in the production of APIs and intermediates, with an annual API production capacity exceeding 50 tons. Our manufacturing facilities in Suzhou are primarily responsible for the production of finished drug products, including small molecule drugs, peptides, and biologics, with an annual production capacity of approximately 600 million units.

We are proactively enhancing the manufacturing infrastructure for BGM0504, our flagship metabolic disease candidate, to support its anticipated commercialization. As of the Latest Practicable Date, we were in the final stages of completing (i) an Innovative Drug Formulation and API Production Base (Phase 1) at our Suzhou site, designed to support the phase 3 clinical trials and early commercialization of our BGM0504 injection, scheduled to become operational in early 2027, and (ii) an expansion to our Taixing manufacturing facilities (Phase 2) to support the API development and manufacturing for BGM0504 with anticipated commercial launch as early as 2027. Once operational, these facilities are expected to form an integrated API-to-formulation supply chain and strengthen our in-house capacity for the commercialization of BGM0504 injection in China, reducing reliance on third-party CDMOs.

We are also advancing other capacity expansion initiatives, including our Suzhou Inhalation and Chemical Drug Formulation Production Base and Biomedical R&D Center designed primarily for the manufacturing of high-barrier inhalation products to address the growing respiratory therapeutics market. For details, see "— Manufacturing — Manufacturing Facilities."

Together, these established manufacturing capabilities provide long-term support for our integrated value chain spanning from starting materials through high-complexity APIs/intermediates to finished products. Meanwhile, our API and formulation production quality systems meet cGMP standards across major global markets (including China, Europe, U.S., Japan, South Korea, Australia and Brazil). This not only demonstrates our high quality standards but also enables us to conduct cGMP-compliant operations across different jurisdictions, leveraging local resources and market presence to expand our overall production capacity and capture growing opportunities worldwide.

Visionary leadership with extensive industry expertise guides our strategic growth and innovation.

Our leadership team brings together deep industry expertise, proven innovation capabilities, strategic depth, and global perspective. Their insights and acumen in the domestic and global pharmaceutical value chains, distinguished track records, and synergistic competencies guide our long-term growth.

Dr. Yuan Jiandong (袁建栋), our founder and Chairman, leverages over 30 years of international expertise in biomedical research and strategic management to shape our global trajectory. Dr. Yuan earned his bachelor's degree in chemistry from Peking University and a Ph.D. in chemistry from the State University of New York. Since 2001, Dr. Yuan and his strategic vision have steered our evolution into a global pharmaceutical company. Under his leadership, we have assembled a team of senior executives and key R&D personnel with deep expertise across core business areas:

- **Ms. Tong Tong (仝彤)**, executive Director, primarily responsible for overseeing our business development and strategic investments. Ms. Tong brings over 10 years of investment management expertise and over eight years of biopharmaceutical industry-related experience, with outstanding management and execution capabilities.
- **Mr. Li Kai (李凯)**, executive Director and deputy general manager, primarily responsible for the management of our corporate operations and overall coordination. Mr. Li has over 20 years of operational management experience.

- **Dr. Jiang Xiaohui (江曉暉)**, chief scientific officer, overseeing our R&D initiatives. Dr. Jiang has over 25 years of experience in pharmaceutical research and development.
- **Dr. Xie Daosheng (謝道生)**, China chief medical officer, managing our clinical development and regulatory affairs in China. Dr. Xie brings over 15 years of medical and clinical research expertise.
- **Dr. Huang Yangqing (黃仰青)**, deputy head of research institute, leading our R&D activities. Dr. Huang has over 15 years of pharmaceutical synthesis and development experience.
- **Dr. Li Changhui (李昌輝)**, R&D director, leading research and operations at Atmen Pharmaceutical. Dr. Li possesses over 15 years of biopharmaceutical research and industry experience.

Our senior management team is supported by an internationally competitive talent pool. We utilize diverse recruitment channels to attract qualified professionals while drawing on the expertise of our distinguished R&D team — which include accomplished scientists from leading institutions worldwide — to drive innovation and competitive advantage. As of December 31, 2025, our research and development team comprised more than 270 members with expertise across various healthcare sectors. A number of our research and development personnel have prior experience with well-known pharmaceutical companies and research institutions both domestically and internationally. We believe the retention of talent and continued recruitment of qualified personnel are essential to maintaining our leadership and advancing our global development strategy.

OUR BUSINESS STRATEGIES

Our business strategies are rooted in our mission of "Continuous Innovation for Better Health." We pursue a dual-track approach to benefit patients globally: (i) delivering high-quality, advanced generics to expand treatment accessibility, and (ii) advancing frontier pharmaceutical science to develop novel therapeutics addressing unmet medical needs. This proven, balanced model creates a sustainable foundation for innovation-driven growth while managing development risks.

To execute our vision, we intend to pursue the following strategic initiatives:

Continuously advance the clinical development of our metabolic disease candidates with global best-in-class potential.

We remain strategically focused on metabolic diseases with high prevalence and significant unmet medical needs. We have prioritized metabolic diseases, including obesity/overweight and T2DM, as our core therapeutic areas. Globally, these diseases affect a vast and growing patient population, placing a heavy economic burden on healthcare systems worldwide. Despite available treatments, unmet needs persist in efficacy, safety, and patient compliance — creating a strategic and commercial opportunity for novel, differentiated therapies.

For BGM0504, our flagship metabolic disease candidate, we are pursuing a multi-regional clinical development pathway to maximize its clinical and commercial value:

- In China, phase 3 clinical trials of BGM0504 injection for both T2DM and obesity/overweight are currently ongoing and are expected to be completed in 2026.
- In the United States, the world's largest weight management drug market, we completed a bridging study for BGM0504 injection in March 2025. We are in communication with the FDA regarding our plan to initiate BGM0504's phase 3 trial for obesity/overweight.
- For other Asian markets: BGM0504 injection is undergoing a phase 3 clinical trial for T2DM in Indonesia. We are actively preparing for the expansion of BGM0504 injection's clinical development plans in other Asian markets.

Our multi-regional development approach is expected to accelerate market entry, maximize our global reach and partnership opportunities, and lay a strong foundation for future commercialization across both developed and emerging markets. In addition, we are actively advancing the clinical development of BGM0504 tablets, with phase 1 clinical trials ongoing in the U.S. and China, to serve a broader patient population with a more convenient administration route.

Meanwhile, we will leverage the scientific insights and clinical development expertise gained from the BGM0504 program to systematically advance a broader pipeline of innovative therapies for metabolic diseases. We initiated phase 1 trials for BGM1812 injection for the treatment of obesity/overweight in the U.S. in October 2025 and in China in December 2025, both of which are expected to be completed in the third quarter of 2026. We plan to submit IND applications both in China and the U.S. in the second quarter of 2027 to initiate phase 1 trials for BGM1812 tablets for obesity/overweight management. In addition, we are actively exploring the treatment potential of BGM2102, a fixed-dose combination of BGM1812 and BGM0504, as a promising treatment for obesity/overweight.

Looking ahead, we will continue to expand our pipeline by exploring novel therapeutic targets and drug modalities to develop potentially global best-in-class and first-in-class therapies addressing metabolic disorders and their comorbidities.

Establish a comprehensive respiratory product portfolio with high entry barriers, leveraging our drug-device combination platform.

We have identified the respiratory therapeutics sector as both a high-potential growth area and a logical extension of our validated drug development and commercialization capabilities. Our integrated capabilities — spanning APIs through finished drug products — underscore our proven ability to overcome complex technological challenges, combined with a demonstrated track record of successfully bringing high-barrier pharmaceutical products to the market.

The respiratory therapeutics sector presents a distinctive market opportunity characterized by sophisticated formulation technologies and specialized delivery mechanisms that create substantial barriers to entry. Our expertise spanning complex formulation development, molecular design, advanced manufacturing processes, and rigorous quality systems — demonstrated through signature products like oseltamivir phosphate and micafungin sodium — translates seamlessly to the core capabilities required for the development of respiratory therapeutics. This technological synergy positions us to build a strong presence in respiratory therapeutics while delivering improved treatment solutions to patients worldwide.

Leveraging our proprietary drug-device combination technology platform, we will continue to solidify our comprehensive strengths in formulation science, delivery device technology, and clinical development to address unmet needs in major therapeutic areas such as asthma and COPD. Through technological innovation, we aim to develop products with superior delivery efficiency, stability, and patient convenience — including technically complex generics — to capture significant market share in this fast-growing yet currently import-dominated segment in China. In addition, we are committed to advancing the clinical development of our novel respiratory therapeutics, including a potential first-in-class TSLP nanobody inhalation (Category 1 innovative drug) and multiple Category 2 modified new drugs.

Solidify our platform-based R&D capabilities while building industry-leading CMC and manufacturing competencies.

Sustained R&D investment drives our long-term value creation through delivering differentiated, technology-enabled therapeutics. We will continue to enhance our core technology platforms — peptide, drug-device combination, synthetic biology, and oral formulation platform — by implementing a synchronized strategy designed to maximize R&D efficiency. We will also continue to strengthen our end-to-end CMC platform to bridge drug discovery with commercial

manufacturing. These integrated capabilities enable rapid, risk-mitigated transition from laboratory development to cGMP production at scale — a critical differentiator in today's global pharmaceutical industry where quality and speed are essential to competitiveness.

We are enhancing our manufacturing capabilities at our Suzhou and Taixing facilities to build a resilient supply chain that meets current demand and enables future growth. For our flagship metabolic disease candidate BGM0504, we plan to build new production lines to meet surging global demand for diabetes and obesity/overweight treatments. In parallel with this capacity growth, we will continue strengthening our quality systems and operational protocols to establish ourselves as a producer of therapeutics for global markets. Our manufacturing operations are designed to meet the most stringent international standards, with ongoing investments supporting our compliance with cGMP requirements and regulatory requirements from the NMPA, FDA, EMA and other competent authorities.

Strengthen and diversify our commercial capabilities across both domestic and international markets.

Leveraging our internationally compliant manufacturing systems and global regulatory expertise, we strive to strengthen our established market position across major countries, including China, the U.S., Europe, Japan, South Korea, while actively expanding into high-potential emerging markets through targeted commercialization efforts.

- ***Dual-track commercial strategy***. For our innovative drug candidates, we will focus on value-based pricing for premium positioning, professional academic promotion to establish clinical leadership, and cultivating deep partnerships with KOLs to accelerate market penetration. For generic drugs, we focus on operational excellence, cost control, and maximizing market share through established channels.

- ***Agile commercialization model***. Based on individual product profiles and market dynamics, we deploy a flexible range of strategies — including direct sales, licensing and distributorship — to maximize commercial value. We will capitalize on our established API sales infrastructure, which includes profit-sharing partnerships with multiple international pharmaceutical partners and an extensive global network, creating a strong foundation for bringing our innovative drugs to international markets.

- ***Sales and marketing team development***. We plan to build our in-house sales and marketing team in strategic markets, enabling deep involvement in product promotion and market education while gradually strengthening our end-market insights and capabilities. We aim to drive our products' market share across markets through a continued combination of direct market development and regional partnerships.

- ***Deepen global influence***. Taking a global market approach as our strategic priority, we will continue to drive R&D, clinical development, regulatory approval, and commercialization of our innovative drugs internationally, including through partnerships with respected global collaborators at each stage. Furthermore, we will actively engage in leading international conferences to steadily build our global brand presence and influence.

Attract and retain talent to drive innovation and global expansion.

Our talent strategy centers on innovation and business imperatives. We maintain sustained investment in attracting, cultivating, and retaining high-calibre professionals. With a strong focus on R&D excellence, we have established global research capabilities staffed by highly competent scientific teams. Our expansion will prioritize critical capabilities in clinical development, international regulatory affairs, and commercialization. We seek to recruit leading scientists and industry experts worldwide to strengthen our drug discovery, clinical research, and regulatory expertise, with particular focus on industry veterans with international experience and strategic vision.

To support our global expansion plans, we will implement competitive compensation and incentive programs that aligns key talent with corporate growth. In addition, we cultivate an environment of relentless innovation and exploration that drives employee engagement and retention. Through our comprehensive talent development framework, we strive to build professional excellence and global acumen, creating a robust talent pipeline for sustained growth.

OUR PRODUCT PORTFOLIO

We are a pharmaceutical company with a diversified portfolio spanning innovative drugs, generic drug products, and active pharmaceutical ingredients (APIs) and intermediates. Our development strategy is anchored by four technology platforms relating to peptide, drug-device combination, synthetic biology, and oral formulation, which address complex technical challenges across multiple therapeutic areas.

During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. We maintain a diversified portfolio of marketed products, including over 40 finished drug products and APIs/intermediates as of the Latest Practicable Date. The portfolio of marketed products supports continued investment in our product pipeline, enabling us to pursue long-term innovation opportunities while managing the inherent risks of pharmaceutical development.

The following table sets forth the breakdown of our revenue by types of goods or services for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	947,363	81.4	1,047,914	83.5	968,855	80.9
Finished drug products	138,009	11.9	161,150	12.8	176,191	14.7
Subtotal	1,085,372	93.3	1,209,064	96.3	1,145,046	95.6
Research and development services	75,805	6.5	39,218	3.1	16,157	1.3
Others[(1)]	2,446	0.2	6,586	0.6	37,002	3.1
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Primarily representing licensing revenue and income from providing manufacturing services to third parties.

Reaching over 40 countries and regions globally, our diversified portfolio of marketed products have achieved steady financial results during the Track Record Period. Capitalizing on our R&D expertise and technological leadership, we have established a differentiated position in the global pharmaceutical value chain. Notably, we not only offer numerous in-house developed APIs and intermediates holding Drug Master Files (DMFs) registrations across major markets — China, the United States, Europe, Japan and South Korea, but also provide targeted technical support and end-to-end development solutions to selected customers, accelerating their drug commercialization while securing structured profit-sharing arrangements upon product launch. For details, see "— Sales and Marketing — Our Sales and Distribution Model — Direct Sales."

We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. Our metabolic disease pipeline is anchored by two lead innovative drug candidates: BGM0504 (GLP-1/GIP dual agonist) and BGM1812 (long-acting amylin analog), each developed in both injectable and oral dosage forms to maximize patient accessibility. For respiratory diseases, we are developing advanced inhalation product candidates with high barriers to entry, leveraging the sophisticated delivery systems derived from our drug-device combination platform. Beyond our deep focus on metabolic and respiratory diseases, we

are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology. As of the Latest Practicable Date, we had six major innovative drug candidates.

Our Marketed Products

Leveraging our robust technology platforms, we have successfully developed and commercialized a diversified product portfolio, including finished drug products and APIs/intermediates. As of the Latest Practicable Date, we had successfully commercialized over 40 pharmaceutical products, including 14 finished drug products and 32 APIs and intermediates, covering broad therapeutic areas including infectious diseases, immunology and oncology.

The following table sets forth the sales volume and average selling price of our marketed products by product category for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Sales volume *('000 units)*	Average selling price *(RMB/unit)*	Sales volume *('000 units)*	Average selling price *(RMB/unit)*	Sales volume *('000 units)*	Average selling price *(RMB/unit)*
APIs and intermediates	53,252	16.6	37,037	26.7	41,524	21.7
— Micafungin sodium[(1)]	252	435.1	474	313.8	319	307.0
— Oseltamivir phosphate[(2)]	36,284	7.0	23,355	5.9	15,836	2.9
Finished drug products	4,574	30.2	7,983	20.2	13,968	12.6
— Micafungin sodium	436	114.3	609	113.7	689	104.6
— Oseltamivir phosphate[(2)]	3,651	21.5	6,479	9.9	11,926	5.6

Notes:

(1) The average selling price of our APIs and intermediates for micafungin sodium decreased from 2023 to 2024, primarily due to intensified competition as more generic versions received marketing approval.

(2) The average selling price of our oseltamivir phosphate products continuously declined during the Track Record Period, primarily due to (i) the implementation of China's national VBP schemes applicable to oseltamivir phosphate products in the PRC market, which commenced in November 2022 for capsules and in July 2023 for powder for oral suspension; and (ii) intensified competition from generic products. As of December 31, 2023, 2024 and 2025, there were over 20, 30 and 40 generic versions of oseltamivir phosphate approved in China, respectively, according to CIC.

The average selling price of our APIs and intermediates increased from RMB16.6/unit in 2023 to RMB26.7/unit in 2024, primarily because (i) a higher percentage of our revenue was derived from products with higher average selling price, represented by APIs and intermediates for micafungin sodium, eribulin mesylate, and caspofungin acetate; and (ii) the demand for oseltamivir phosphate APIs/intermediates decreased due to shifting flu incidence patterns, causing these lower-priced products to account for a smaller share of our revenue mix. The average selling price of our APIs and intermediates decreased from RMB26.7/unit in 2024 to RMB21.7/unit in 2025, primarily due to a shift in product mix. Eribulin mesylate APIs, which are priced substantially above our portfolio average, comprised a smaller share of our revenue in 2025 compared to 2024, as demand gradually normalized following initial customer inventory stocking for eribulin mesylate's U.S. launch in 2024.

The sales volume of our APIs and intermediates decreased from 2023 to 2024, primarily due to lower sales volume of oseltamivir phosphate attributable to weakened downstream demand amidst lower flu incidence. The sales volume of our APIs and intermediates increased from 2024 to 2025, primarily attributable to the increased sales of dalbavancin and pimecrolimus in 2025. Such increase reflected higher dalbavancin procurement by customers in preparation for product launch in 2025, as compared with lower procurement volumes during the R&D stage in 2024, and increased pimecrolimus sales driven by its first-generic advantage in China together with targeted product and marketing strategies.

The average selling price of our finished drug products showed a decreasing trend during the Track Record Period, primarily attributable to the inclusion of our oseltamivir phosphate powder for oral suspension in the VBP scheme, the results of which were implemented in July 2023 and led to substantial price reductions. This decrease was substantially offset by the increasing revenue contribution of our higher-priced finished drug products, such as micafungin sodium. During the Track Record Period, driven by growing demand and our effective marketing efforts, revenue generated from the sales of micafungin sodium finished drug products experienced continuous growth and amounted to RMB49.9 million, RMB69.3 million and RMB72.0 million, respectively, for the years ended December 31, 2023, 2024 and 2025.

The sales volume of our finished drug products experienced continuous growth during the Track Record Period, primarily due to the increased sales volume of oseltamivir phosphate as we enhanced our targeted marketing initiatives to effectively capture market demand, including through expansion into digital channels.

Below is a summary of our major marketed products, each of which contributed over 5% of our revenue during the Track Record Period:

Micafungin Sodium

Micafungin sodium, our representative antifungal product, was our key revenue contributor during the Track Record Period, generating sales from both finished drug products (micafungin sodium for injection) and APIs/intermediates. Micafungin sodium is a semi-synthetic echinocandin agent administered intravenously for the treatment of invasive candidiasis, esophageal candidiasis, and prophylaxis of Candida infections in hematopoietic stem cell transplant patients. It demonstrates superior efficacy against azole-resistant Candida strains, positioning it as a valuable therapeutic option for immunocompromised patients. For the years ended December 31, 2023, 2024 and 2025, we generated RMB159.3 million, RMB217.9 million and RMB170.0 million from the sales of micafungin sodium, respectively, primarily from API/intermediate sales. The following is an image of our micafungin sodium for injection.

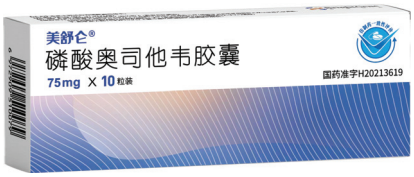
The originator drug, Mycamine®, was developed by Astellas Pharma Inc. and received its initial regulatory approval in Japan in 2002. Mycamine® was the second approved echinocandin worldwide. As of the Latest Practicable Date, over 15 generic versions had been launched globally. According to CIC, the global micafungin sodium drug market is expected to grow from US$241.0 million in 2025 to US$318.0 million in 2035. The global micafungin sodium API and intermediate market is expected to grow from US$41.0 million in 2025 to US$55.5 million in 2035.

We have established ourselves as a leading global supplier of micafungin sodium APIs and intermediates, with sales primarily in China, Europe, North America, South America, Turkey, Southeast Asia, India and Japan. In 2025, for example, we captured approximately 33.3% of the global market share for micafungin sodium APIs and intermediates, according to CIC.

We obtained the marketing authorizations for our micafungin sodium finished drug product in China in 2020. We sell micafungin sodium for injection (50mg) under the brand name "博瑞芬宁®." Our micafungin sodium for injection has, since its approval for marketing, been covered under Part B of the NRDL by reference to its generic names. Our micafungin sodium for injection was selected in the seventh batch of the national VBP scheme with a procurement cycle of three years, and the relevant VBP results were implemented in November 2022. In March 2026, the national follow-on VBP scheme covering our micafungin sodium for injection was implemented. See also "— Pricing — VBP Schemes."

Oseltamivir Phosphate

Oseltamivir phosphate is one of our antiviral products which generated sales from both finished drug products (oseltamivir phosphate capsule and powder for oral suspension) and APIs/intermediates during the Track Record Period. Oseltamivir phosphate is an oral neuraminidase inhibitor indicated for the treatment and prophylaxis of influenza A and B infections. Our oseltamivir phosphate sales are affected by both seasonal influenza demand and government stock reserve requirements. For the years ended December 31, 2023, 2024 and 2025, we generated RMB331.6 million, RMB202.1 million and RMB112.9 million from the sales of oseltamivir phosphate, respectively, primarily from API/intermediate sales. The following is an image of our oseltamivir phosphate capsule and powder for oral suspension.



The originator drug, Tamiflu®, was developed by Hoffmann-La Roche Ltd. and received its initial regulatory approval in the United States in 1999. As of the Latest Practicable Date, over 50 generic versions had been launched globally. According to CIC, the global oseltamivir phosphate drug market is expected to grow from US$1.0 billion in 2025 to US$1.4 billion in 2035. The global oseltamivir phosphate API and intermediate market is expected to grow from US$239.6 million in 2025 to US$331.3 million in 2035.

We established our presence in the oseltamivir market initially through our manufacturing of oseltamivir phosphate APIs/intermediates, with sales primarily in China and Turkey as of the Latest Practicable Date. In 2025, we held a 2.7% share of the global oseltamivir phosphate API and intermediate market, according to CIC. Building upon our API expertise, we obtained marketing authorizations for our oseltamivir phosphate capsule in China in 2021 and for our oseltamivir phosphate powder for oral suspension in 2022. We sell oseltamivir phosphate capsules (75mg/capsule) under the brand name "美舒仑®"and powder for oral suspension (0.36g) under the brand name "舒美仑®." Both our oseltamivir phosphate capsules and powder for oral suspension have, since their approvals for marketing, been covered under Part B of the NRDL by reference to their generic names. Our oseltamivir phosphate powder for oral suspension was selected in the eighth batch of national VBP scheme with a procurement cycle of three years, and the relevant VBP results was implemented in July 2023. In March 2026, the national follow-on VBP scheme covering both our oseltamivir phosphate capsules and powder for oral suspension was implemented. See also "— Pricing — VBP Schemes."

Caspofungin Acetate

Caspofungin acetate is a representative antifungal product in our portfolio, generating sales predominately from APIs during the Track Record Period. Caspofungin acetate is a semi-synthetic echinocandin antifungal agent administered intravenously for the treatment of invasive aspergillosis in patients who are refractory to or intolerant of other therapies, candidemia and other forms of invasive candidiasis, and esophageal candidiasis. For the years ended December 31, 2023, 2024 and 2025, we generated RMB84.9 million, RMB119.3 million and RMB108.7 million from the sales of caspofungin acetate, respectively, substantially all of which were from API sales.

The originator drug, Cancidas®, was developed by Merck & Co. Inc. and received its initial regulatory approval in the United States in 2001 as the first echinocandin antifungal agent approved worldwide. As of the Latest Practicable Date, over 20 generic versions had been launched globally. According to CIC, the global caspofungin acetate drug market is expected to grow from US$436.6 million in 2025 to US$602.9 million in 2035. The caspofungin acetate API and intermediate market is expected to grow from US$74.2 million in 2025 to US$100.6 million in 2035.

We sold our caspofungin acetate API products primarily in China, Europe, North America, South America, India, South Korea and Turkey as of the Latest Practicable Date. We obtained marketing authorization for our caspofungin acetate for injection in China in 2020. In the same year, we entered into a technology transfer agreement (as amended in 2022) with Hainan Hailing Chemical Pharmaceutical Co., Ltd. ("**Hailing**"), an Independent Third Party, as we strategically allocate our resources toward our other marketed products — especially those experiencing high growth — and taking into account the consideration offered. Pursuant to this arrangement, we transferred to Hailing our manufacturing process technology, production approvals and all domestic ownership rights relating to caspofungin acetate for injection, and Hailing became the marketing authorisation holder ("**MAH**") for this product in Chinese Mainland. In consideration thereof, Hailing agreed to pay a technology transfer fee totaling up to approximately RMB37.9 million, all of which had been received by us as of the Latest Practicable Date. Upon completion of the MAH transfer, all ownership, production rights and future patent rights in respect of this product within Chinese Mainland belong to Hailing, while we retain our pre-existing intellectual property rights and supply caspofungin acetate APIs to Hailing.

We held a 20.4% share of the global caspofungin acetate API and intermediate market in 2025, according to CIC.

Anidulafungin

Anidulafungin is a key antifungal product in our portfolio, generating sales from APIs/intermediates only during the Track Record Period. Anidulafungin is a semi-synthetic echinocandin antifungal agent indicated for the treatment of candidemia and other forms of Candida infections, including intra-abdominal abscess and peritonitis. For the years ended December 31, 2023, 2024 and 2025, we generated RMB48.9 million, RMB119.7 million and RMB106.5 million from the sales of anidulafungin APIs/intermediates, respectively.

The originator drug, Eraxis®, was developed by Vicuron Pharmaceuticals (now Pfizer) and received FDA approval in 2006. As of the Latest Practicable Date, no generic versions had been launched globally. According to CIC, the anidulafungin API and intermediate market is expected to grow from US$32.8 million in 2025 to US$43.7 million in 2035.

We have achieved a dominant position in the global anidulafungin API and intermediate market, with sales primarily in Europe, India and Turkey as of the Latest Practicable Date. We held a 47.4% share of the global anidulafungin API and intermediate market in 2025, according to CIC.

Fidaxomicin

Fidaxomicin is an antibacterial API product in our portfolio with significant market expansion potential, generating sales from APIs only during the Track Record Period. Fidaxomicin is a macrocyclic antibiotic specifically indicated for the treatment of Clostridioides difficile-associated diarrhea (CDAD) in adults and pediatric patients aged six months and older. For the years ended December 31, 2023, 2024 and 2025, we generated RMB52.6 million, RMB87.0 million and RMB65.0 million from the sales of fidaxomicin APIs, respectively.

The originator drug, Dificid®, developed by Optimer Pharmaceuticals, received the FDA approval in 2011 and remains a premium treatment option due to its superior efficacy in reducing recurrence rates compared to conventional therapies such as vancomycin. The core compound patent for Dificid® in the United States was expired in 2024. As of the Latest Practicable Date, only three generic versions were approved in the United States, and over five generic candidates were under clinical development or had submitted ANDAs globally, driving strong demand for fidaxomicin API. According to CIC, the global fidaxomicin API and intermediate market is expected to grow from US$95.8 million in 2025 to US$149.2 million in 2035.

We sold fidaxomicin API products primarily in the United States and India as of the Latest Practicable Date. We held a 9.4% share of the global fidaxomicin API and intermediate market in 2025, according to CIC.

Eribulin Mesylate

Eribulin mesylate is our flagship oncology product, generating sales from both finished drug products (eribulin mesylate injection) and APIs during the Track Record Period. Eribulin mesylate is a microtubule dynamics inhibitor indicated for the treatment of metastatic breast cancer in patients who have previously received at least two chemotherapeutic regimens. We are the first generic manufacturer of eribulin mesylate injection in the China market, providing us with substantial competitive advantages and growth opportunities in this specialized oncology segment. For the years ended December 31, 2023, 2024 and 2025, we generated RMB34.2 million, RMB77.1 million and RMB32.8 million from the sales of eribulin mesylate, respectively, primarily from API sales. The following is an image of our eribulin mesylate injection.

The originator drug, Halaven®, was developed by Eisai Co., Ltd. and received its first marketing approval in the United States in 2010. As the first approved agent in the halichondrin class, Halaven® represents a novel mechanism of action distinct from traditional microtubule-targeting agents, providing an alternative treatment option for patients with heavily pretreated metastatic breast cancer. The core compound patents for eribulin mesylate have expired in major markets, such as the United States (2023) and China (2019), paving the way for generic development. As of the Latest Practicable Date, there were over 10 generic versions launched globally. However, due to the compound's structurally complex synthesis and stringent impurity

control standards, the number of successful generic entrants in China remains limited. As of the Latest Practicable Date, only five generic versions were launched in China. According to CIC, the global eribulin mesylate drug market is expected to grow from US$209.4 million in 2025 to US$350.0 million in 2035. The global eribulin mesylate API and intermediate market is expected to grow from US$33.5 million in 2025 to US$49.4 million in 2035.

We sold eribulin mesylate APIs primarily in China, the United States, Japan and India as of the Latest Practicable Date. We held a 8.4% share of the global eribulin mesylate API and intermediate market in 2025, according to CIC.

Our eribulin mesylate injection, marketed under the brand name "博立宁®," was approved in 2023 and has, since its approval for marketing, been covered under Part B of the NRDL by reference to its generic name. Our eribulin mesylate injection has not been included in the VBP schemes at the national or provincial levels. For details regarding the inclusion criteria of the VBP schemes, see "— Pricing — VBP Schemes."

Pimecrolimus

Pimecrolimus is our representative product in the immunological field, generating sales from APIs/intermediates only during the Track Record Period. Pimecrolimus cream is a topical immunosuppressant indicated for the treatment of mild to moderate atopic dermatitis in patients aged two years and older. For the years ended December 31, 2023, 2024 and 2025, we generated RMB19.6 million, RMB37.0 million and RMB63.3 million from the sales of pimecrolimus APIs and intermediates, respectively.

The originator drug, Elidel®, was developed by Novartis and received the FDA approval in 2001. As of the Latest Practicable Date, there were over five generic versions launched globally. According to CIC, the global pimecrolimus API and intermediate market is expected to grow from US$53.0 million in 2025 to US$73.2 million in 2035.

We sold pimecrolimus API and intermediate products primarily in China, the United States, Europe and Southeast Asia as of the Latest Practicable Date. In 2025, we held a 16.6% market share in the global pimecrolimus API and intermediate market, according to CIC. Notably, we have secured a strategic position in the pimecrolimus generic market as the exclusive pimecrolimus intermediate supplier to an European partner, who used our intermediates to manufacture APIs and enabled the first U.S.-based company to secure FDA ANDA approval for pimecrolimus. We entered into a supply and commercialization agreement with this European partner in 2015, pursuant to which we granted to the European partner an exclusive worldwide license under our relevant background intellectual property and know-how to manufacture, commercialize and sell pimecrolimus APIs, while we serve as the exclusive supplier of the key intermediates required. We retain the right to manufacture and sell pimecrolimus API/intermediate products to certain pre-existing customers and customers not included in the designated customer list under the agreement. We are entitled to receive (i) two-thirds of net sales derived from qualifying sales made in support of downstream customers' R&D and regulatory activities, and (ii) 50% of net profits derived from commercial sales for an initial term of 15 years following first commercial launch, subject to annual extension by mutual agreement. We retain ownership of all background intellectual property, while the European partner owns and controls the regulatory approvals obtained during the collaboration and retains the right, following termination or expiry of the agreement, to continue selling pimecrolimus APIs based on such approvals.

Dalbavancin

Dalbavancin is a representative antibacterial product in our portfolio, generating sales from APIs only during the Track Record Period. Dalbavancin is a second-generation, semi-synthetic lipoglycopeptide antibacterial agent administered intravenously for the treatment of acute bacterial skin and skin structure infections ("**ABSSSI**") caused by designated susceptible strains of

Gram-positive microorganisms. For the years ended December 31, 2023, 2024 and 2025, we generated RMB35.4 million, RMB21.2 million and RMB93.6 million from the sales of dalbavancin APIs, respectively.

The originator drug, Dalvance®, has been approved in the United States, Europe and Canada. As of the Latest Practicable Date, four generic versions were approved globally. According to CIC, the global dalbavancin API and intermediate market is expected to grow from US$59.7 million in 2025 to US$86.0 million in 2035.

We sold dalbavancin API products primarily in Europe and the United States as of the Latest Practicable Date. In 2025, we held a 21.8% market share in the global dalbavancin API and intermediate market, according to CIC.

Our Product Candidates

Our product development strategy encompasses both innovative therapeutics and generic drugs, with each segment leveraging complementary approaches to capture market opportunities and strengthen competitive positioning. As of the Latest Practicable Date, we had six major innovative drug candidates. We also continue to develop specialty APIs and intermediates, building on our nearly 15 years of established experience in this business, which remains one of our important revenue drivers.

Metabolic Diseases

Metabolic diseases represent our primary innovation focus, demonstrating our R&D capabilities while positioning us to capture significant opportunities in this rapidly expanding healthcare market. Our metabolic disease pipeline targets therapeutic areas with fast-growing patient populations and persistent gaps in therapeutic efficacy. This portfolio is anchored by our two lead innovative drug candidates: BGM0504, our GLP-1/GIP dual agonist targeting T2DM and obesity/overweight, and BGM1812, our long-acting amylin analog, each developed in both injectable and oral dosage forms to maximize patient accessibility.

BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential

Overview

BGM0504 is a next-generation GLP-1/GIP dual agonist designed to address the limitations of current incretin-based therapies, including GLP-1 receptor agonists, for T2DM and obesity/overweight.

T2DM and obesity/overweight are among the most prevalent and rapidly rising chronic metabolic diseases globally, affecting 552.0 million and 2,696.6 million people in 2025, respectively. While semaglutide and tirzepatide represent major therapeutic advances, important limitations remain, including gastrointestinal side effects, high discontinuation rates in real-world use, and lack of durable disease modification once treatment is discontinued. Moreover, despite strong efficacy relative to existing options, many patients continue to experience only partial or unsubstantial responses, underscoring the need for safer, more effective, and longer-lasting therapies that can offer comprehensive benefits across glucose, weight, and cardiometabolic outcomes.

BGM0504 was developed through rational structural optimizations to enhance dual receptor activity while maintaining a prolonged half-life. With its innovative molecular design, BGM0504 showed promising efficacy advantages in preclinical studies. BGM0504 has shown robust and sustained efficacy in clinical trials across both T2DM and obesity/overweight indications. In a head-to-head phase 2a trial against semaglutide for T2DM, BGM0504 achieved superior glycemic control with a favorable safety and tolerability profile. BGM0504 also demonstrated rapid, dose-dependent weight loss of up to 19.78% at 30 weeks in its phase 2 trial in obesity/overweight patients without diabetes, along with meaningful improvements in cardiovascular and lipid parameters.

We have established a comprehensive global clinical development plan for BGM0504. Phase 3 clinical trials of BGM0504 injection for both T2DM and obesity/overweight are ongoing in China, which are expected to be completed in 2026. In the United States, the world's largest obesity/overweight drug market, we completed a bridging study for BGM0504 injection in March 2025. We are in communication with the FDA regarding our plan to initiate a phase 3 trial for obesity/overweight. BGM0504 injection is also undergoing a phase 3 clinical trial for T2DM in Indonesia. We are actively preparing for the expansion of BGM0504 injection's clinical development plans in other Asian markets.

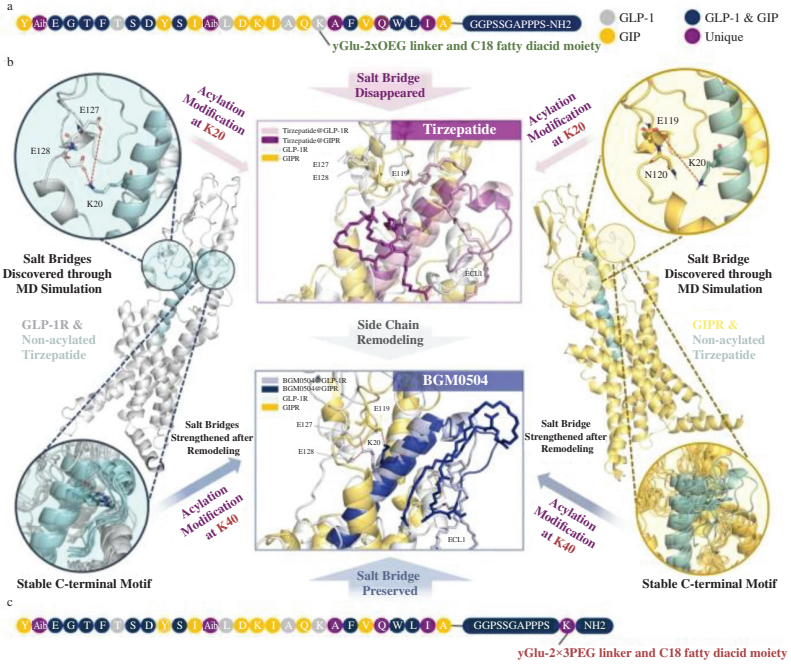
To further improve the convenience of administration, we are also developing BGM0504 tablets and initiated phase 1 clinical trials in non-diabetic adult subjects with obesity/overweight in the U.S. in August 2025 and in China in October 2025. In addition, BGM0504 may serve as a backbone therapy that can be optimized for different patient populations through multi-pathway targeting. We are developing BGM2102, which combines BGM0504 with BGM1812, our in-house developed long-acting amylin analog, to potentially enhance weight loss while reducing muscle loss in obesity/overweight patients by leveraging complementary appetite and metabolic pathways. For T2DM patients, we are developing BGM2101, which pairs BGM0504 with a once-weekly long-acting insulin analog to deliver comprehensive glycemic control while preserving the weight benefits of GLP-1 therapy. With its differentiated profile, broad therapeutic potential, and comprehensive development strategy, we believe BGM0504 is well-positioned to become a potentially global best-in-class therapeutic for patients with T2DM, obesity/overweight, and related metabolic disorders.

Drug Design and Mechanism of Action

GLP-1 and GIP are incretin hormones secreted by intestinal L-cells and K-cells, respectively. They regulate glucose homeostasis through multiple pathways, including enhancing insulin secretion, suppressing glucagon release, promoting glucose uptake, and slowing gastric emptying. GLP-1 and GIP receptor agonists activate these pathways in a glucose-dependent manner, making them effective therapies for T2DM and obesity/overweight. Tirzepatide, the first and only approved GLP-1/GIP dual agonist, has demonstrated superior clinical efficacy compared to certain single-target GLP-1 receptor agonists.

Through AI and computational modeling, we conducted an in-depth study of the molecular elements essential for GLP-1/GIP dual agonism. Leveraging our peptide technology platform, we employed novel molecular modifications that endowed BGM0504 with a more compact and optimized spatial configuration, avoiding both the disruption of α-helical structure caused by conventional acylation and the steric hindrance issues inherent to the existing GLP-1/GIP dual agonist, thereby increasing agonistic activity while maintaining prolonged plasma half-life. As a result, BGM0504 achieves potent dual-receptor agonism, while maintaining favorable PK profile which supports once-weekly dosing.

The figure below illustrates a structural comparison between BGM0504 and tirzepatide.



Source: Yuan, J., Liu, W., Jiang, X. et al. Molecular dynamics-guided optimization of BGM0504 enhances dual-target agonism for combating diabetes and obesity. Sci Rep 14, 16680 (2024).

Market Opportunities and Competition

See "Industry Overview — Overview of the Global and China Metabolic Disease Market — Overview of GLP-1 Therapies" and "— Key Therapeutic Areas within the Metabolic Disease Market" for details.

Competitive Advantages

- *Optimized design with enhanced potency and prolonged duration*. Through AI and computational modeling, we identified molecular elements essential for GLP-1/GIP dual agonism, which informs our strategic selection of modification sites that optimizes drug properties while preserving therapeutic efficacy. Leveraging our peptide technology platform, we employed novel molecular modifications that establish a pivotal salt bridge with receptors, resulting in enhanced receptor activation. Additionally, introduction of functional acylation side chains gave BGM0504 a more compact and optimized spatial configuration, thereby maintaining prolonged plasma half-life with enhanced stability and receptor binding affinity. As a result, BGM0504 achieves potent dual-receptor agonism while maintaining favorable PK profile which supports once-weekly dosing.

  With its innovative molecular design, BGM0504 showed promising efficacy advantages in preclinical studies. Specifically, BGM0504 exhibited EC_{50} values of 0.031 nM and 0.182 nM at GLP-1 and GIP receptors, respectively, demonstrating a twofold to threefold increase in agonistic activity compared to tirzepatide and therefore the potential for enhanced glucose-lowering and weight loss outcomes. These attributes position BGM0504 as a potential global best-in-class therapy for T2DM and obesity/overweight treatment.

- *Robust clinical efficacy and favorable safety profile*. Based on clinical evidence available to date, BGM0504 has shown strong efficacy in glycemic control, weight reduction, and treatment of other comorbidities. In our head-to-head phase 2a clinical trial against

semaglutide in patients with T2DM, BGM0504 demonstrated efficacious glycemic control across three dose groups: after treatment completion, HbA1c reductions were 1.99%, 2.21% and 2.76%, respectively, compared to 1.71% in the 1 mg semaglutide group. Achievement of the therapeutic target of HbA1c $< 7.0\%$ was observed in 76.9%, 81.8%, and 91.7% of subjects in the 5 mg, 10 mg, and 15 mg BGM0504 groups, respectively, compared to 75.0% in the 1 mg semaglutide group. 50% of the subjects in the 15 mg BGM0504 group achieved normal glycemic control (HbA1c $< 5.7\%$), compared to 12.5% in the 1 mg semaglutide group.

Notably, BGM0504' s potential to address the complex therapeutic needs of T2DM patients was evident with 41.7% of the subjects in the 15 mg BGM0504 group achieving both the glycemic control target (HbA1c $< 6.5\%$) and significant weight loss ($\geq 10\%$) — a challenging composite endpoint that addresses T2DM's metabolic complexity. Furthermore, BGM0504 has shown favorable safety, with AEs primarily at grade 1–2, with no hypoglycemia or unexpected adverse reactions.

In its phase 2 trial in obesity/overweight patients without diabetes, BGM0504 demonstrated substantial and dose-dependent weight reduction effects and a favorable safety profile. After 6, 8 and 10 weeks of treatment (including dose titration), respectively, subjects in the 5 mg, 10 mg, and 15 mg BGM0504 groups achieved weight reductions of 5.22%, 6.97%, and 9.53% from baseline, respectively. At week 14, 16, 18, weight reductions were 8.37%, 11.96%, and 13.83% in these dose groups, respectively. At week 26, 28 and 30, weight reductions further increased to 10.77%, 16.21%, and 19.78%, respectively. Significant weight reductions of $\geq 5\%$, $\geq 10\%$, and $\geq 15\%$ were observed in all BGM0504 groups ($p < 0.01$), with $\geq 20\%$ reductions achieved in the 10 mg and 15 mg groups ($p < 0.05$). These weight reductions were accompanied by significant improvements in several other cardiometabolic parameters, including waistline reduction ranging from 8.0 cm to 12.98 cm, and meaningful blood pressure improvements.

- *Significant market opportunity for oral GLP-1 agonists*. The global demand for oral GLP-1 agonists is substantial, fueled by strong patient preference for oral administration over injectables and the potential to expand treatment accessibility. While GLP-1/GIP dual agonists demonstrate enhanced efficacy, no oral dosage forms had been approved as of the Latest Practicable Date, representing a significant unmet need. According to CIC, the market size of oral GLP-1 agonists was US$3.5 billion in 2025 and is expected to reach US$59.6 billion in 2035, representing a CAGR of 23.7% from 2026 to 2035. By comparison, the market size of injectable GLP-1 agonists was US$76.9 billion in 2025 and is expected to reach US$144.7 billion in 2035, representing a CAGR of 6.4% from 2026 to 2035.

  We believe successful GLP-1 therapies require optimization across both molecular design and administration route — with the latter directly affecting bioavailability, dosing frequency, and ultimately, patient adherence. Leveraging our expertise in formulation science and delivery systems, we are developing BGM0504 tablets, which have the potential to overcome the bioavailability challenges inherent to peptide drugs and significantly improve patient adherence. We have initiated phase 1 clinical trials for BGM0504 tablets for the treatment of obesity/overweight in the U.S. and China. As of the Latest Practicable Date, in terms of development progress, we were one of the only three oral GLP-1/GIP dual agonist candidates at clinical stage globally.

- *Multi-pathway combination programs addressing different patient populations.* BGM0504 may serve as a backbone therapy that can be optimized for different patient populations through multi-pathway targeting. We are developing BGM2102, which combines BGM0504 with BGM1812, our in-house developed long-acting amylin analog, to potentially enhance weight loss while reducing muscle loss in obesity/overweight patients by leveraging complementary appetite and metabolic pathways. Mechanistically, BGM0504 targets GLP-1/GIP pathways for glucose control and appetite regulation, while BGM1812 acts through amylin/calcitonin receptors to delay gastric emptying and promote satiety — their complementary mechanisms therefore potentially deliver synergistic efficacy that surpasses single-target therapies. This combination therapy is designed to address the clinical needs of two key patient populations — individuals seeking high-quality weight management outcomes, and severely obese patients with weight loss targets of 20–25% or greater. We plan to initiate clinical trials for BGM2102 in the U.S. in the fourth quarter of 2026 and in China in early 2027, potentially positioning it among the world's first three clinical-stage combination therapies to simultaneously target GLP-1, GIP and amylin pathways.

  For T2DM patients, we are developing BGM2101, which pairs BGM0504 with a once-weekly long-acting insulin analog to deliver comprehensive glycemic control while preserving the weight benefits of GLP-1 therapy. BGM2101 is designed to address inadequate glycemic control with existing therapies and frequent short-acting insulin use, potentially reducing insulin dosage requirements and hypoglycemic risks. These strategic combinations demonstrate both our product advantages — including superior pharmacological profiles and multi-pathway mechanisms — and the synergies within our pipeline, where proprietary assets can be integrated to create differentiated therapies that achieve outcomes beyond monotherapy.

- *Immense therapeutic potential for T2DM, obesity/overweight and beyond.* BGM0504's addressable market is immense and rapidly growing. T2DM — the most prevalent form of diabetes — affected 552.0 million patients globally and 129.8 million in China in 2025, with projections indicating significant increases to 632.5 million globally and 143.9 million in China by the end of 2035. Obesity/overweight, recognized by the WHO as a key driver of chronic diseases, affected 2,696.6 million individuals globally and 664.0 million in China in 2025, which are expected to rise substantially to 3,426.7 million globally and 847.5 million in China by the end of 2035. GLP-1 receptor agonists, which have emerged as mainstream treatments for T2DM and obesity/overweight, generated global sales of US$80.4 billion in 2025 (US$2.1 billion in China), which is expected to reach US$204.3 billion in 2035 (US$25.5 billion in China).

  We believe BGM0504, with its global best-in-class potential, can deliver superior therapeutic options for T2DM and obesity/overweight patients worldwide and compete effectively in this rapidly expanding market. Beyond these primary indications, BGM0504 is well positioned to address other related metabolic conditions. Metabolic dysfunction rarely occurs in isolation, creating demand for treatments that address multiple metabolic disorders simultaneously. With enhanced GLP-1/GIP dual agonism, BGM0504 has the potential to achieve therapeutic effects across the interconnected spectrum of metabolic diseases, such as obstructive sleep apnea and MASH, significantly expanding its addressable market.

Summary of Clinical Trial Data

The following tables set forth an overview of the completed and ongoing clinical trials of BGM0504 injection and BGM0504 tablets, respectively.

BGM0504 Injection

Study Name (NCT/CTR number)	Study Design	Trial Phase	Trial Status	Region	Trial Start Date	(Planned) Trial Completion Date
Phase 2 and 3						
T2DM						
BGM0504-Ⅲ-T2DM-02-IDN (NCT07064486)[1]	A phase 3, randomized, open label trial to evaluate the efficacy and safety of BGM0504 versus semaglutide as add-on therapy to metformin (with or without sulfonylureas) in patients with T2DM	Phase 3	Ongoing	Indonesia	July 2025	(H2 2027)
BGM0504-Ⅲ-T2DM-02 (NCT06716216/ CTR20244493)[1]	A phase 3, randomized, open label trial to evaluate the efficacy and safety of BGM0504 versus semaglutide as add-on therapy to metformin (with or without sulfonylureas) in patients with T2DM	Phase 3	Ongoing	China	November 2024	(Q4 2026)
BGM0504-Ⅲ-T2DM-01 (NCT06716203/ CTR20244494)	A multicenter, randomized, double-blind, placebo-controlled phase 3 clinical trial to evaluate the efficacy and safety of BGM0504 in patients with T2DM with poor glycemic control through diet and exercise alone	Phase 3	Ongoing	China	December 2024	(Q4 2026)
BGM0504-IIa-T2DM (NCT06974825/ CTR20232464)[1]	A randomized, double-blind, placebo and semaglutide parallel-controlled phase 2a clinical trial to evaluate the safety, tolerability, PK and PD of multiple-dose BGM0504 injection in patients with T2DM	Phase 2a	Completed	China	August 2023	August 13, 2024
Obesity/Overweight						
BGM0504-Ⅲ-WL (NCT06704581/ CTR20243983)	A multicenter, randomized, double-blind, placebo-controlled phase 3 clinical study to evaluate the efficacy and safety of BGM0504 injection in Chinese non-diabetic subjects with obesity/ overweight	Phase 3	Ongoing	China	October 2024	(Q2 2026)
BGM0504-II-WL-02 (NCT06911203/ CTR20251037)[2]	A multicenter, randomized, open-label phase 2 clinical trial to evaluate the efficacy and safety of BGM0504 at higher-doses compared with tirzepatide in adults with obesity	Phase 2	Ongoing	China	April 2025	(Q3 2026)
BGM0504-II-WL (NCT06973681/ CTR20233198)	A randomized, double-blind, placebo-controlled, parallel-group phase 2 clinical trial to evaluate the safety, tolerability, PK/PD profile and efficacy of multiple doses of BGM0504 injection in non-diabetic subjects with obesity/ overweight	Phase 2	Completed	China	October 2023	September 13, 2024
Phase 1						
BGM0504-I-101 (NCT06929156/ CTR20251294)	A multicenter, single-dose, open-label, parallel-design PK study of BGM0504 injection in healthy subjects and subjects with impaired renal function	Phase 1	Completed	China	May 2025	December 25, 2025
BGM0504-DDI (NCT06920056/ CTR20250891)	A study to evaluate the gastric emptying delay effect of BGM0504 injection and its drug-drug interactions with metformin hydrochloride and warfarin sodium tablets in patients with obesity/overweight	Phase 1	Completed	China	March 2025	July 25, 2025

Study Name (NCT/CTR number)	Study Design	Trial Phase	Trial Status	Region	Trial Start Date	(Planned) Trial Completion Date
BGM0504-P1-001-US (NCT06714955)	A double-blind, parallel-arm, placebo-controlled, multiple-dose phase 1 clinical trial to evaluate the PK/PD, safety and tolerability of BGM0504 injection administered subcutaneously in non-diabetic subjects with obesity/overweight	Bridging Study	Completed	United States	October 2024	March 3, 2025
BGM0504-Ia (CTR20230120)	A randomized, double-blind, placebo-controlled, dose-escalation phase 1a clinical study designed to evaluate the safety, tolerability, PK/PD of BGM0504 injection in healthy subjects following a single dose and two once-weekly doses with gradual dose escalation to the target dose	Phase 1a	Completed	China	January 2023	April 25, 2023

Notes:

(1) Head-to-head study with semaglutide.

(2) Head-to-head study with tirzepatide.

BGM0504 Tablets

Study Name (NCT/CTR number)	Study Design	Trial Phase	Trial Status	Region	Trial Start Date	(Planned) Trial Completion Date
BGM0504-CPK-102 (NCT07566572/ CTR20260967)	A randomized, open-label, multiple-dose phase 1 clinical study to evaluate the effect of a high-fat meal and different dosing conditions (including water intake and fasting time) on the PK of BGM0504 tablets at a dose of 20 mg in healthy Chinese subjects	Phase 1	Ongoing	China	March 2026	(Q4 2026)
BGM0504-CPK-101 (NCT07239973/ CTR20253763)	A randomized, double-blind phase 1 clinical trial to evaluate the safety, PK/PD of BGM0504 tablets in healthy Chinese subjects and non-diabetic patients with obesity/overweight following single and multiple dose titration	Phase 1	Ongoing	China	October 2025	(Q2 2026)
BGM0504 Oral-P1-CPK01-US (NCT07166081)	A double-blind, randomized, ascending-dose, placebo-controlled, multiple-dose phase 1 clinical trial to evaluate the PK/PD, safety and tolerability of orally administered BGM0504 tablets in non-diabetic subjects with obesity/overweight	Phase 1	Ongoing	United States	August 2025	(Q2 2026)

A summary of key phase 3 clinical trials of BGM0504 injection for T2DM and obesity/overweight patients is set forth below:

Phase 3 Clinical Trial in T2DM Patients versus Semaglutide in China (NCT06716216/CTR20244493)

This is a phase 3 clinical trial to evaluate the efficacy and safety of BGM0504 versus semaglutide as add-on to metformin and/or sulfonylureas in patients with T2DM in China.

Trial design. This study consists of a screening period, a placebo lead-in period, a treatment period (including dose titration period) and a safety followed-up period. It may include an additional metformin dose titration and stabilization period between screening period and placebo lead-in period. A total of 537 subjects with T2DM are expected to be enrolled and randomized into

three treatment groups: a group receiving 5 mg BGM0504, a group receiving 10 mg BGM0504, and a control group receiving 1 mg semaglutide. All subjects will be administered subcutaneously once a week.

The key inclusion criteria for the trial include: adults diagnosed with T2DM; receiving metformin therapy at a stable dose for at least 8 weeks prior to screening, either as monotherapy (≥1500 mg/day or maximum tolerated dose but ≥1000mg daily) or in combination with sulfonylureas at minimum therapeutic dose with stable treatment for ≥8 weeks; a body mass index of at least 23 kg/m^2 at screening; stable body weight (± 5%) for at least three months before screening; HbA1c levels between 7.5% and 11.0% at screening (7.0% and 10.5% at baseline).

Trial objectives. The primary efficacy endpoint is the change from baseline in HbA1c after 32 weeks of treatment. The secondary efficacy endpoints primarily include changes from baseline in HbA1c, body weight, plasma glucose, body mass index, waist circumference, and blood lipids after 12, 24, 32, 44 and 52 weeks, and the percentages of subjects achieving HbA1c target value of < 7%, < 6.5% and < 5.7% after 12, 24, 32, 44 and 52 weeks. The safety endpoints primarily include AEs, laboratory tests, vital signs, physical examinations, 12-ECG, hypoglycemic events, and injection site reactions.

Trial status. The first patient was enrolled in January 2025. We expect to complete this trial in the fourth quarter of 2026.

Phase 3 Clinical Trial in Poorly Controlled T2DM Patients Only Through Diet and Exercise in China (NCT06716203/CTR20244494)

This is a multicenter, randomized, double-blind, placebo-controlled phase 3 clinical study to evaluate the efficacy and safety of BGM0504 in patients with T2DM with poor glycemic control only through diet and exercise.

Trial design. This study consists of a screening period, a placebo lead-in period, a treatment period (including dose titration period), a extended treatment period and a safety follow-up period. A total of 207 subjects with T2DM are expected to be randomized into three treatment groups: a group receiving 5 mg BGM0504, a group receiving 10 mg BGM0504, and a placebo group. All subjects are administered subcutaneously once a week.

The key inclusion criteria for the trial include: adults diagnosed with T2DM; a body mass index of at least 23 kg/m^2 at screening; stable body weight (± 5%) for at least three months before screening; HbA1c levels between 7.5% and 11.0% at screening (7.0% and 10.5% at baseline); FPG level no more than 15.0 mmoL/L at screening (13.3 mmoL/L at baseline).

Trial objectives. The primary efficacy endpoint is the change from baseline in HbA1c after 32 weeks of treatment. The secondary efficacy endpoints primarily include changes from baseline in HbA1c, body weight, plasma glucose, body mass index, waist circumference, and blood lipids after 12, 24, 32, 44 and 52 weeks, and the percentages of subjects achieving HbA1c target value of < 7%, ≤ 6.5% and < 5.7% after 12, 24, 32, 44 and 52 weeks. The safety endpoints primarily include AEs, laboratory tests, vital signs, physical examinations, coagulation function, 12-ECG, hypoglycemic events, and injection site reactions.

Trial status. The first patient was enrolled in January 2025. We expect to complete this trial in the fourth quarter of 2026.

Phase 3 Clinical Trial in Subjects with Obesity/Overweight in China (NCT06704581/CTR20243983)

This is a multicenter, randomized, double-blind, placebo-controlled phase 3 clinical study to evaluate the efficacy and safety of BGM0504 injection in Chinese non-diabetic subjects with obesity/overweight.

Trial design. This study consists of a screening period, a treatment period (including dose titration period), and a safety follow-up period. A total of 620 non-diabetic subjects with obesity/overweight who have demonstrated inadequate weight loss with diet and exercise interventions alone, are expected to be randomized into four treatment groups: three groups receiving 5 mg, 10 mg, 15 mg BGM0504, respectively, and a placebo group. All subjects will be administered subcutaneously once a week.

The key inclusion criteria for the trial include: adults with a body mass index of at least 28 kg/m^2, or between 24.0 kg/m^2 and 28.0 kg/m^2 with at least one weight-related comorbidity. Subjects are required to have stable body weight (< 5% change) following diet and exercise for at least 12 weeks prior to screening.

Trial objectives. The primary efficacy endpoints are the change from baseline in body weight after 36 weeks of treatment and percentage of subjects achieving ≥5% body weight reduction. The secondary efficacy endpoints primarily include changes from baseline in body weight, waist circumference, body mass index, lipid levels, FPG and HbA1c, and the percentages of subjects achieving over 5%, 10%, 15% and 20% body weight reduction. The safety endpoints primarily include AEs, vital signs, 12-ECG, physical examinations, laboratory tests, hypoglycemic events, and injection site reactions.

Trial status. The first patient was enrolled in October 2024. We were preparing the clinical study report as of the Latest Practicable Date and expect to complete this trial in the second quarter of 2026.

Clinical Development Plan

We have established a comprehensive global clinical development plan for BGM0504, as set forth in details below.

T2DM. We have initiated phase 3 clinical trials for BGM0504 injection for the treatment of T2DM in China and Indonesia. We expect to complete the phase 3 clinical trials in China in the fourth quarter of 2026 and in Indonesia in the second half of 2027.

Obesity/Overweight. We have initiated a phase 3 clinical trial for BGM0504 injection for the treatment of obesity/overweight in China, which we plan to complete in the second quarter of 2026. Following the completion of our bridging study in the United States in March 2025, we are in communication with the FDA regarding our plan to initiate a phase 3 trial for BGM0504 injection for the treatment of obesity/overweight in the United States.

Oral Dosage Form. We are developing BGM0504 tablets to further improve the convenience of administration. We initiated phase 1 clinical trials for BGM0504 tablets for the treatment of obesity/overweight in the U.S. in August 2025 and in China in October 2025. We expect to complete these trials in the second quarter of 2026.

Material Communications with Competent Authorities

BGM0504 Injection

China

We submitted an IND application to the NMPA in September 2022 to initiate the clinical development of BGM0504 injection for the treatment of T2DM, which was approved in December 2022. We initiated a phase 1a clinical trial (BGM0504-Ia) in healthy subjects in January 2023 and completed this trial in April 2023. We then initiated a phase 2a clinical trial (BGM0504-IIa-T2DM) in patients with T2DM in August 2023 and completed this trial in August 2024. In September 2024, following the completion of the phase 2a clinical trial, we conducted the pre-phase 3 communication with the CDE regarding the subsequent phase 3 development plan of BGM0504 injection for T2DM. The CDE had no objection to our proceeding with two phase 3 trials in China, and provided

comments on certain aspects of the phase 3 trial design, including treatment duration and timing of primary endpoint assessment. The two trials, namely BGM0504-III-T2DM-02 as an add-on therapy and BGM0504-III-T2DM-01 as a monotherapy, commenced in November 2024 and December 2024, respectively, both of which were ongoing as of the Latest Practicable Date and are intended to constitute part of the registrational clinical data package for our planned NDA submission for BGM0504 injection for the treatment of T2DM. In line with Technical Guideline for Clinical Development of Drugs for Adult Type 2 Diabetes Mellitus (《成人2型糖尿病藥物臨床研發技術指導原則》) ("**T2DM Guideline**") issued by the CDE, we designed and conducted the two phase 3 trials to evaluate BGM0504 injection across different treatment settings: the monotherapy trial aims to evaluate BGM0504 as a standalone treatment, while the add-on therapy trial aims to assess BGM0504 in combination with existing antidiabetic therapies. The two trials are complementary rather than duplicative, and are expected to provide clinical evidence to support the efficacy and safety of BGM0504 across different T2DM patient populations and treatment scenarios, which may in turn support a broader label for the treatment of T2DM, subject to regulatory review and approval. Upon successful completion of these two phase 3 trials, we expect to submit an NDA to the NMPA in the fourth quarter of 2026.

We submitted an IND application to the NMPA in September 2022 to initiate clinical development of BGM0504 injection for the treatment of obesity/overweight, which was approved in December 2022. Following the completion of phase 1a trial (BGM0504-Ia) in healthy subjects in April 2023, we initiated the phase 2 clinical trial (BGM0504-II-WL) in non-diabetic overweight/obese subjects in October 2023, which was completed in September 2024. In October 2024, we conducted the pre-phase 3 communication with the CDE regarding the subsequent phase 3 development plan of BGM0504 injection for obesity/overweight. The CDE had no objection to our proceeding with the phase 3 clinical study (BGM0504-III-WL) and provided comments with respect to, among other things, the assessment timepoint for the primary efficacy endpoint, the potential impact of the dose escalation interval on weight reduction efficacy, long-term safety exposure requirements, and statistical analysis details for the proposed phase 3 study. We initiated the phase 3 trial in October 2024, for which we were preparing the clinical study report as of the Latest Practicable Date. In April 2025, we initiated a head-to-head phase 2 clinical trial (BGM0504-II-WL-02) to evaluate the efficacy and safety of higher-doses of BGM0504 injection — specifically 20 mg and 25 mg — in adults with obesity compared with tirzepatide. This additional phase 2 trial is exploratory in nature and is designed to inform our future clinical development strategy for higher-dose regimens of BGM0504 injection in obesity, including potential further clinical studies and label expansion, subject to trial results and regulatory feedback.

In parallel with the phase 3 trial for the treatment of obesity/overweight, we conducted two supportive phase 1 clinical pharmacology studies recommended by the T2DM Guideline, including a DDI study (BGM0504-DDI) which was initiated in March 2025 and completed in July 2025, and a renal impairment PK study (BGM0504-I-101) which was initiated in May 2025 and completed in December 2025. These studies were designed to further characterize the clinical pharmacology profile of BGM0504 injection, including its effect on gastric emptying, potential DDIs with selected oral medications, and PK profile in subjects with impaired renal function. These phase 1 studies are not first-in-human, dose-escalation or dose-selection studies, and are not intended to determine whether BGM0504 injection may proceed to phase 2 or 3 clinical development. Rather, they are intended to supplement the clinical pharmacology, DDI, special population, safety and labeling information package for future NDA submission and risk management.

The U.S.

We submitted an IND application to the FDA in August 2024 to initiate a phase 1 bridging study (BGM0504-P1–001-US) to evaluate the PK/PD, safety and tolerability of BGM0504 injection administered subcutaneously in non-diabetic subjects with obesity/overweight in the U.S. We obtained the IND approval from the FDA in September 2024, and subsequently commenced this bridging study in October 2024 and completed this trial in March 2025. The study was intended to provide bridging clinical data to support the future development of BGM0504 in the U.S. Following

the completion of the bridging study, we are in ongoing communication with the FDA regarding our subsequent clinical development plan for BGM0504 injection in obesity/overweight, including our plan to initiate a phase 3 clinical trial in the U.S.

Indonesia

In September 2024, we submitted a phase 3 clinical trial application for BGM0504 injection in T2DM to the Indonesian Food and Drug Authority (Badan Pengawas Obat dan Makanan, or BPOM). Prior to commencement of the trial, we obtained the requisite local ethics committee approval in March 2025 and BPOM approval in April 2025. We commenced the phase 3 clinical trial (BGM0504-Ⅲ-T2DM-02-IDN) in July 2025, which was ongoing as of the Latest Practicable Date.

BGM0504 Tablets

China

In July 2025, we submitted an IND application to the NMPA to initiate clinical development of BGM0504 tablets for the treatment of obesity/overweight in China, which was approved in September 2025. We subsequently commenced a phase 1 dose-escalation clinical trial (BGM0504-CPK-101) in China in October 2025 to evaluate the safety, tolerability, PK and PD of BGM0504 tablets, for which we were preparing the clinical study report as of the Latest Practicable Date. In March 2026, we further initiated a separate, complementary phase 1 clinical trial (BGM0504-CPK-102) in China to evaluate the effects of food and dosing conditions on the PK profile of BGM0504 tablets, which is designed to support product labeling and dosing instructions.

The U.S.

In June 2025, we submitted an IND application to the FDA to initiate clinical development of BGM0504 tablets for the treatment of obesity/overweight in the U.S. We obtained the IND approval from the FDA in August 2025 and subsequently commenced a phase 1 clinical trial (BGM0504 Oral-P1-CPK01-US) in the same month, for which we were preparing the clinical study report as of the Latest Practicable Date.

BGM1812, Long-acting Amylin Analog for Obesity/Overweight

Overview

BGM1812 is a long-acting amylin analog designed to offer a novel and differentiated approach to treat obesity/overweight. Obesity/overweight is one of the most pressing public health challenges and is anticipated to affects over 3,426.7 million people globally in 2035 at a CAGR of 2.4% from 2026 to 2035. Existing therapies, including single-target GLP-1 receptor agonists, remain constrained by important limitations such as loss of lean muscle mass during weight reduction, gastrointestinal adverse events, and limited durability of effect. A meaningful proportion of patients continue to fall short of achieving clinically significant and sustainable weight loss while maintaining metabolic health. Accordingly, there remains a substantial unmet need for next-generation obesity/overweight therapies that can deliver more effective, durable outcomes and broader metabolic benefits beyond weight loss alone.

BGM1812 activates both amylin and calcitonin receptors to enhance satiety, delay gastric emptying, and preserve lean body composition. It is designed to reduce muscle loss during weight loss, a critical differentiator for long-term metabolic health and sustainable weight management.

We are advancing BGM1812 toward clinical development with first-in-human studies initiated in the U.S. in October 2025 and in China in December 2025. Additionally, BGM1812's distinct mechanism of action presents compelling opportunities for combination therapy with our GLP-1/GIP dual agonist BGM0504. We plan to initiate clinical trials for BGM2102, a fixed-dose combination of BGM1812 and BGM0504, in the U.S. in the fourth quarter of 2026 and in China in early 2027, potentially positioning it among the world's first three clinical-stage combination

therapies to simultaneously target GLP-1, GIP and amylin pathways. With its differentiated design, superior preclinical profile, and strategic combination potential, BGM1812 is positioned to become a transformative therapeutic option for patients requiring comprehensive and sustainable obesity/overweight treatment.

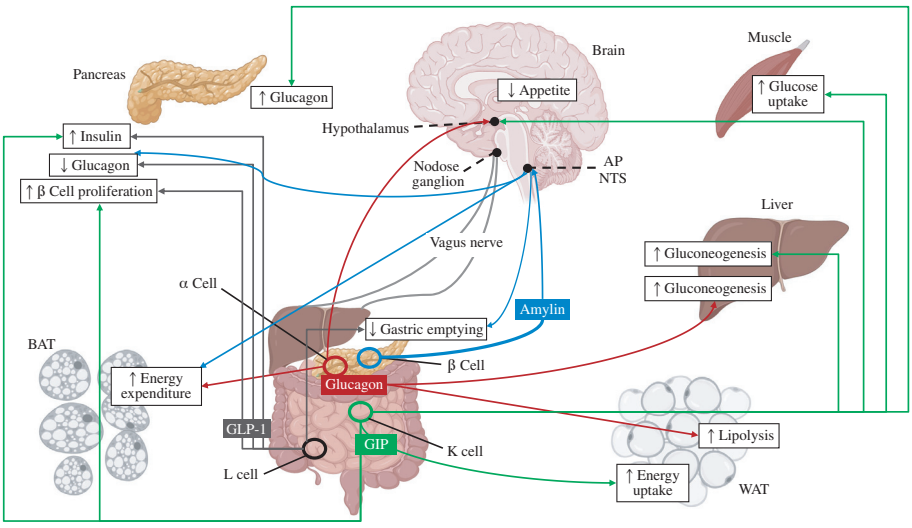
Drug Design and Mechanism of Action

Amylin is a polypeptide hormone secreted by pancreatic β cells that regulates blood glucose levels and food intake through a mechanism distinct from GLP-1. Unlike GLP-1 receptor agonists that primarily reduce appetite directly and are often associated with gastrointestinal side effects, loss of lean muscle mass, and weight rebound, amylin's physiological mechanism focuses on satiety regulation, controlling food intake through enhanced satiety signals rather than appetite suppression. This mechanism can potentially reduce gastrointestinal side effects and provides important benefits for medium to long-term weight management and glycemic control.

Amylin's metabolic regulatory functions are mediated by amylin receptors (AMYRs), which are primarily responsible for suppressing food intake, slowing gastric emptying, and enhancing satiety. They are heterodimeric receptors composed of the calcitonin receptor (CTR) and one of three receptor activity-modifying proteins (RAMP1, RAMP2, or RAMP3), yielding AMY_1R, AMY_2R, and AMY_3R subtypes. When activated independently, CTR plays a critical role in increasing energy expenditure, reducing fat mass, and preserving lean body mass — effects that are distinct from and additive to those mediated by AMYRs.

BGM1812 is a novel dual amylin and calcitonin receptor agonist (DACRA) designed to maximize therapeutic potential through simultaneous activation of both AMYR and CTR pathways. By co-activating both AMYR and CTR, BGM1812 engages a broader range of metabolic pathways, potentially resulting in enhanced weight loss with improved body composition and better long-term weight maintenance. These complementary mechanisms offer a differentiated therapeutic profile compared to GLP-1-based agents.

The figure below illustrates the mechanism of action of BGM1812.



Market Opportunities and Competition

See "Industry Overview — Overview of the Global and China Metabolic Disease Market — Key Therapeutic Areas within the Metabolic Disease Market — Overview of Amylin Analogs" and "— Overview of Obesity/Overweight Drug Market" for details.

Competitive Advantages

- *Innovative molecular design translating into enhanced therapeutic benefits*. Long-acting amylin analogs represent a promising emerging class in metabolic disease drug development due to their mechanistic advantages. BGM1812 is a novel, long-acting amylin analog optimized through artificial intelligence and machine learning, designed to deliver both potent and long-lasting therapeutic effects. Structurally, BGM1812 utilizes molecular dynamics modeling to guide critical α-methylation modifications at hydrophobic sites. This creates a functional "hydrophobic cage" that locks the molecule into a high-activity conformation. As a result, BGM1812 demonstrates significantly improved binding affinity and structural stability, optimizing agonist activity while maintaining high solubility.

  BGM1812's innovative molecular design is instrumental to its superior receptor binding efficiency and metabolic properties demonstrated in preclinical studies. *In vitro* studies demonstrate that BGM1812 is approximately 1.8-fold and 2.2-fold more potent than petrelintide analog at AMY3R and CTR receptors, respectively, with correspondingly lower EC_{50} values (AMY3R: 0.627 nM vs. 1.126 nM; CTR: 2.270 nM vs. 4.995 nM), which can potentially translate into superior clinical weight-loss outcomes at lower doses. In diet-induced obese (DIO) rat models, BGM1812 showed dose-dependent weight loss (0.012–0.12 mg/kg), substantially outperforming petrelintide analog in the 0.04 mg/kg group in both absolute weight reduction and fat-to-lean mass ratio improvement. PK data confirms BGM1812's prolonged blood concentration maintenance, highlighting durable therapeutic effects. These preclinical data collectively support BGM1812's potential to deliver enhanced weight loss sustainability and therapeutic benefits.

- *Synergistic combination potential with favorable early-market positioning*. As of the Latest Practicable Date, no long-acting amylin analogs had been approved globally. The long-acting amylin analog drug market is projected to reach US$30 billion by 2035. Notably, major global pharmaceutical companies are actively investigating amylin analogs' combination potential with GLP-1-based treatments or the development of multi-target agents to address the immense diabetes and obesity/overweight markets. We believe our BGM2102, a fixed-dose combination of BGM1812 and BGM0504, could potentially establish one of the world's first amylin/GLP-1/GIP combination therapies with blockbuster potential in metabolic diseases. See also "— Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential — Competitive Advantages — Multi-pathway Combination Programs Addressing Different Patient Populations."

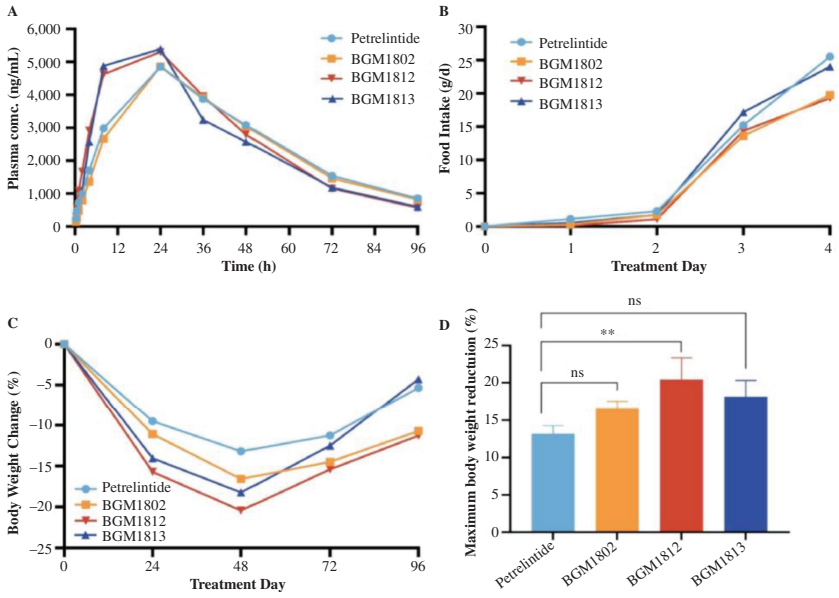
- *Next-generation oral therapy for weight management*. The development of amylin-based therapies has created new expectations among patients and health-aware individuals seeking improved weight management solutions that balance safety, efficacy, and convenience. As a novel therapeutic candidate addressing both metabolic regulation and weight control, BGM1812 tablets are designed to meet these evolving needs by offering clinically meaningful weight loss and a favorable safety profile, with the potential to achieve weekly administration. These characteristics, enabled by pharmaceutical innovation and responsive to healthcare trends, allow BGM1812 to serve both medical treatment paradigms and preventive health approaches.

- *High-quality weight management with favorable body composition*. BGM1812 is designed to preserve lean mass while effectively reducing fat mass, potentially distinguishing it from existing obesity/overweight therapies that often compromise muscle during weight loss. This unique profile supports healthier, more sustainable weight management, as lean mass preservation directly impacts basal metabolic rate and long-term metabolic health.

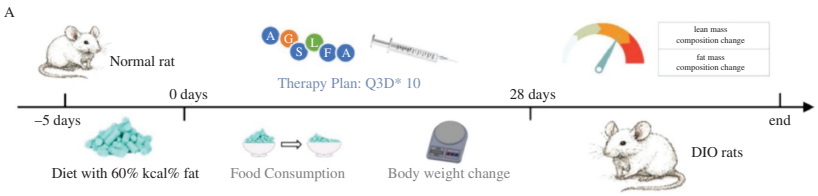
BGM1812 could therefore benefit both patients requiring comprehensive metabolic improvement and health-conscious individuals seeking weight management while reducing muscle loss.

Summary of Preclinical Data

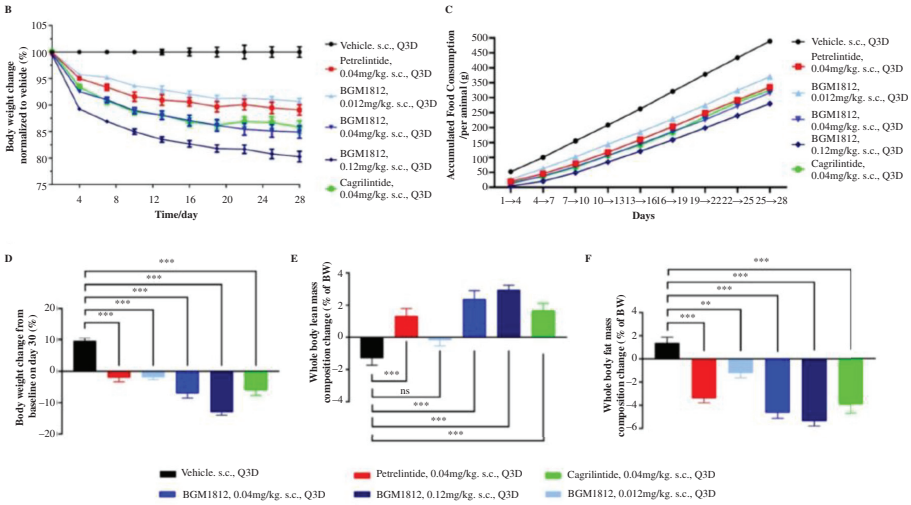
In our single-dose studies in Sprague-Dawley rats, BGM1812 maintained higher plasma concentrations over 36 hours, indicating improved systemic exposure and prolonged therapeutic activity. BGM1812 exhibited faster initial response during the first three days. Functionally, while all compounds showed transient satiety effects in the first one to two days, BGM1812 demonstrated superior sustained food intake inhibition through day 3 to day 4 compared to the petrelintide analog group. BGM1812 achieved the most pronounced body weight reduction when evaluated across the entire five-day observation period.



In our 30-day study in diet-induced obese (DIO) rats, 50 male DIO rats were randomized into six groups at 1:1:1:1:1:1 ratio: three groups receiving BGM1812 (0.012 mg/kg, 0.04 mg/kg, and 0.12 mg/kg); two groups each receiving petrelintide and cagrilintide analogs (0.04 mg/kg), respectively; and a control group. All treatments were administered subcutaneously every third day (Q3D) for 10 total doses, mimicking anticipated clinical dosing regimens.



All treatment groups demonstrated significant reductions in body weight and food intake compared to control group, with no abnormalities observed throughout the treatment period. BGM1812 showed superior body weight reduction compared to petrelintide analog and marginal advantages over cagrilintide analog, while exhibiting clear dose-dependent effects across all tested concentrations. Notably, at the equivalent therapeutic dose of 0.04 mg/kg, BGM1812 achieved total weight loss comparable to cagrilintide analog but demonstrated superior body composition improvements. BGM1812 significantly increased lean mass proportion while reducing fat mass, whereas cagrilintide analog showed similar directional trends but with significantly lower magnitude of effect.



Source: Zong, L., Zhang, Z., Li, X., et al. Discovery of BGM1812, a Novel Dual Amylin and Calcitonin Receptor Agonist for Obesity Treatment. Journal of Medical Chemistry.

Clinical Development Plan

We obtained the IND approvals from the FDA in the U.S. and the NMPA in China in September 2025 and November 2025, respectively, to allow us initiate the clinical development of BGM1812 injection for the treatment of obesity/overweight. We commenced the phase 1 trials in healthy subjects and non-diabetic subjects with obesity/overweight in the U.S. in October 2025 and in China in December 2025. We expect to complete theses trials in the third quarter of 2026.

We plan to submit IND applications both in China and the U.S. in the second quarter of 2027 to initiate phase 1 clinical trials for BGM1812 tablets for the treatment of obesity/overweight. In addition, we are exploring BGM1812's combination potential and plan to initiate a phase 1 clinical trial in combination with BGM0504 to treat obesity/overweight as early as the fourth quarter of 2026.

Respiratory Diseases

Our respiratory disease pipeline exemplifies our strategic generic drug development strategy: targeting early-entry opportunities and complex formulations where technical barriers create competitive advantages. The respiratory therapeutics sector presents a distinctive market opportunity characterized by sophisticated formulation technologies and specialized delivery mechanisms that create substantial barriers to entry. Notably, in the field of SMI drug products, where no generic products achieve approval globally to date due to complex aerosolization mechanisms and precision manufacturing requirements, we have developed deep expertise in formulation-device compatibility and established proprietary technological approaches. Similarly, in DPI drug products, where approved generics remain scarce due to challenges in particle engineering,

powder blending, and airflow optimization, our breakthroughs in micronization and homogeneous mixing technologies have solved these fundamental technical hurdles — demonstrating our ability to overcome industry-wide barriers in respiratory drug delivery.

Leveraging our proprietary drug-device combination platform, we are developing a diversified product matrix encompassing multiple mechanisms of action — including inhaled corticosteroid (ICS), long-acting β 2-agonist (LABA), and long-acting muscarinic antagonist (LAMA) — across various delivery modalities. This approach enables us to capture market opportunities in established therapeutic categories while building foundational capabilities for next-generation innovative therapeutics, including our innovative TSLP nanobody inhalation candidate.

Salmeterol/Fluticasone Dry Powder for Inhalation

We are developing a fixed-dose combination product candidate for asthma and COPD comprising two active ingredients: salmeterol, a long-acting β 2-agonist (LABA), and fluticasone propionate, an inhaled corticosteroid. Salmeterol provides sustained bronchodilation by relaxing airway smooth muscles while fluticasone reduces inflammation and swelling in the airways, together delivering both immediate symptom relief and long-term disease control. This dual-mechanism approach offers an effective and simplified treatment option for patients with asthma and chronic obstructive pulmonary disease (COPD).

This product candidate incorporates our proprietary DPI device technology and advanced particle engineering capabilities, which deliver superior drug particle uniformity compared to industry standards, according to CIC. This enhanced particle uniformity enables more consistent and precise drug delivery to target lung regions, resulting in improved bioavailability and potentially superior therapeutic outcomes compared to existing products in the market.

The originator drug, Seretide®, was developed by GSK and approved in 1999 by the FDA for the treatment of asthma and COPD. Although the compound patents expired in 2013 in China, the first generic version of this drug was not approved in China until 2024, primarily due to the technical complexity of dry powder for inhalation which has created significant entry barriers. Today, dry powder for inhalation remain one of the most technically complex inhaled drug categories, requiring advanced expertise in particle engineering, formulation development, manufacturing scale-up and device design. As of the Latest Practicable Date, there were six marketed salmeterol/fluticasone DPI drug products in China, including GSK's Seretide®, and seven salmeterol/fluticasone DPI drug candidates under development. According to CIC, the market size for salmeterol/fluticasone dry powder for inhalation in China was RMB1.5 billion in 2025 and is expected to reach RMB2.0 billion by 2035.

We are developing salmeterol/fluticasone dry powder for inhalation in 50μg/250μg and 50μg/500μg strengths. We filed ANDAs for the two strengths in December 2025, which were accepted by the CDE in January 2026. We expect to receive marketing approval for the two dosage strengths in the third quarter of 2027.

Budesonide Suspension for Inhalation

We have developed a nebulizer-compatible inhaled corticosteroid designed for targeted anti-inflammatory treatment of respiratory conditions. Its suspension formulation provides enhanced drug stability and uniform particle distribution for consistent therapeutic delivery. Nebulized administration offers superior lung penetration while reducing the need for patient coordination, making it particularly suitable for pediatric patients and those unable to effectively use MDI or DPI devices. This optimized formulation offers both reliable dosing accuracy and improved treatment compliance, addressing key challenges in respiratory care for vulnerable patient groups.

Given that budesonide is heat-sensitive and conventional moist heat sterilization may cause drug degradation and formation of related substances, our manufacturing process utilizes sterile active pharmaceutical ingredients combined with sterile filtration techniques. This approach effectively avoids thermal degradation while preserving drug stability and bioactivity. Our proprietary particle size control technology enables optimal drug delivery to target pulmonary regions, thereby enhancing therapeutic efficacy. Additionally, our in-line high-voltage discharge leak detection system provides comprehensive 100% container closure integrity testing, ensuring product sterility assurance and long-term quality stability throughout the product shelf life.

The originator drug, Pulmicort Respules®, was developed by AstraZeneca and approved by the FDA in 2000. Since its approval, budesonide suspension for inhalation has been recognized as the front-line treatment for the maintenance treatment of asthma and as prophylactic therapy in children aged between 12 months to eight years. Budesonide suspension is the only inhaled corticosteroid included in the WHO Model List of Essential Medicines for Children and has been recognized as a Category B drug under the FDA Pregnancy Category, confirming its well-established safety for routine use during pregnancy. These combined attributes — proven efficacy across pediatric populations, outstanding safety profile, and global accessibility — have solidified budesonide suspension's position as a cornerstone of pediatric respiratory care.

The budesonide suspension market in China has experienced rapid growth following patent expiry in 2020 and the product's subsequent inclusion in the VBP schemes in China. As of the Latest Practicable Date, there were over 10 budesonide suspension products marketed in China, including AstraZeneca's Pulmicort Respules®, and over 20 product candidates under development, six of which had already submitted ANDAs. According to CIC, the market size for budesonide suspension for inhalation in China was RMB4.4 billion in 2025 and is expected to reach RMB6.2 billion by 2035.

We received marketing approval from the NMPA for budesonide suspension for inhalation in October 2025 and launched this product in December 2025.

Tiotropium Bromide-based Products

Tiotropium bromide is a long-acting anticholinergic bronchodilator (LAMA) that selectively blocks M3 receptors on airway smooth muscle, effectively inhibiting bronchoconstriction and providing 24-hour bronchodilation for COPD maintenance therapy. As a cornerstone medication in COPD management, tiotropium bromide represents a critical therapeutic intervention with well-established clinical efficacy and safety profile.

Building upon this proven molecule, we are building a differentiated product matrix comprising three complementary formulations that address distinct patient populations and clinical needs:

- Tiotropium bromide dry powder for inhalation optimized for patients with adequate inspiratory flow rates, offering portability and cost-effectiveness particularly suitable for mild-to-moderate COPD patients.
- Tiotropium bromide soft mist for inhalation delivering enhanced lung deposition with low inspiratory resistance, ideal for elderly patients, severe COPD cases, or individuals with compromised coordination abilities.
- Tiotropium bromide/olodaterol soft mist for inhalation, a fixed-dose LAMA/long-acting β 2-agonist (LABA) combination that synergistically targets both anticholinergic and β 2-adrenergic pathways to provide enhanced therapeutic efficacy for moderate-to-severe COPD patients.

This diversified product portfolio enables precision therapy in COPD care, allowing physicians to select optimal delivery mechanisms based on patient lung function, determine monotherapy versus combination treatment according to symptom severity, and develop personalized regimens according to lifestyle needs and adherence patterns. In particular, our proprietary propellant-free mechanical

atomization technology leverages precision engineering design to achieve sustained-release soft mist drug delivery, effectively addressing the technical challenges of high oropharyngeal deposition rates and low pulmonary delivery efficiency associated with conventional inhalation products, representing advanced technology capabilities in the respiratory drug delivery field.

The originator drugs for these products were developed by Boehringer Ingelheim: Spiriva HandiHaler® (tiotropium bromide dry powder for inhalation) received its initial approval in 2002 from the EMA. Spiriva Respimat® (tiotropium bromide soft mist for inhalation) utilizing soft mist technology was subsequently approved in the EU in 2007. The fixed-dose combination product Stiolto Respimat® (tiotropium/olodaterol soft mist for inhalation) received EMA approval in 2015. All these three products were approved for COPD maintenance treatment. As of the Latest Practicable Date, there were five tiotropium bromide DPI drug products approved in China, including Spiriva HandiHaler®, and there were no generic tiotropium bromide SMI drug products or tiotropium bromide/olodaterol SMI drug products approved in China. As of the same date, there were eight tiotropium bromide DPI drug candidates, six tiotropium bromide SMI drug candidates, and four tiotropium bromide/olodaterol SMI drug candidates undergoing clinical development in China, including three, four and three with ANDAs already submitted, respectively. According to CIC, the China tiotropium bromide drug market size reached approximately RMB0.8 billion in 2025 and is projected to grow to RMB1.1 billion by 2035.

We are conducting the PD-bioequivalence studies for our tiotropium bromide dry powder for inhalation and plan to submit an ANDA in the third quarter of 2026. For tiotropium bromide soft mist for inhalation, we submitted an ANDA to the NMPA in January 2025, and expect to receive the marketing approval in the third quarter of 2026. For tiotropium bromide/olodaterol soft mist for inhalation, we submitted an ANDA to the NMPA in December 2024, and expect to receive the marketing approval in the third quarter of 2026.

Selected Preclinical Assets for Respiratory Diseases

Building on our deep understanding of respiratory disease mechanisms, extensive product development experience, and advanced formulation technologies, we are developing a series of novel therapies to expand our respiratory pipeline, including a potential first-in-class TSLP nanobody inhalation (Category 1 innovative drug), and Category 2 modified new drugs such as ensifentrine inhalation. These candidates are expected to enter clinical development between 2026 and 2027, further strengthening our comprehensive respiratory product portfolio.

Other Therapeutic Areas

Beyond our deep focus on metabolic and respiratory diseases, we are also developing product candidates in other major therapeutic areas including infectious diseases, immunology and oncology.

TECHNOLOGY PLATFORMS

Through years of dedicated research, we have built a suite of proprietary drug R&D platforms encompassing peptide technology, drug-device combinations, and synthetic biology, further enhanced by the Macoral® oral formulation platform developed by Oralead Pharma, an associate of our Company. We follow two strategic R&D pathways built upon these technology platforms: (i) in the generic drug sector, we have accumulated extensive experience from the successful development of over 40 pharmaceutical products, including obtaining multiple manufacturing and marketing approvals to commercialize our own finished drug products; and (ii) for innovative drug development, we focus on differentiated novel therapies with high clinical value and substantial technical barriers to competition, offering substantial clinical and commercial value.

Peptide Technology Platform

Peptide drugs, typically composed of 10–100 amino acids, bridge the gap between traditional small-molecule chemicals and large biologics (e.g., proteins), exhibiting unique structural and functional properties. They demonstrate high target affinity with low off-target risks, and their

hydrolyzed byproducts are amino acids, reducing concerns about toxic metabolites. Notably, GLP-1-based therapies have been clinically validated for diabetes and obesity/overweight treatment, with further potential in various chronic conditions — such as MASH, cardiovascular diseases, and obstructive sleep apnea — highlighting their broad therapeutic applicability.

Leveraging this platform, we are actively advancing the development of differentiated GLP-1-based therapeutics, with a focus on novel delivery methods (e.g., oral formulation), multi-target combination therapies, and indication expansion. Our flagship metabolic disease candidate, BGM0504, exemplifies this approach: with an optimized peptide structure, BGM0504 enhances target binding and pharmacological activity, creating a competitive edge in metabolic diseases. As a promising contender in weight management and T2DM, BGM0504 further improves patient compliance through oral dosage form, offering broader treatment options.

Drug-device Combination Platform

Drug-device combination products are single medical entities that integrate drugs with medical devices, available in forms such as inhalers, intranasal formulations, ophthalmic sprays, and injection pens. They have broad applications in respiratory, metabolic and central nervous system (CNS) diseases, among other therapeutic areas. The development of drug-device combination products is highly complex, requiring expertise across pharmaceutics, medicine, surface science, materials engineering, and mechanical design.

Inhalation products are especially challenging: particle size strongly influences pulmonary deposition with effective delivery typically achieved when drug particles are maintained between 1–5 μm. In addition, properties such as charge and bulk density affect dispersion, absorption, and therapeutic effect. Device design is equally important for consistent dosing and particle distribution, while clinical design and administration methods further shape the treatment outcomes. Through years of innovation, we have overcome key R&D hurdles to optimize routes of administration, device design, and clinical practice. This has enabled us to build a differentiated drug-device combination platform and a high value inhalation pipeline focused on respiratory diseases.

Synthetic Biology Platform

Synthetic biology is an interdisciplinary field that applies engineering principles to redesign natural biological systems or to build de novo microbial cell factories for the more efficient production of natural products.

Building on our expertise in fermentation and semi-synthesis, we have extended upstream to establish a synthetic biology platform that powers more efficient and versatile production systems. We optimize existing microbial strains to enhance efficiency and reduce costs — exemplified by caspofungin and sordarin — while designing new strains to broaden our product portfolio while providing innovative solutions for customers.

Oral Formulation Platform

The Macoral® oral formulation platform represents a breakthrough in oral administration of peptide drugs and nanobodies, combining innovative mechanisms with lyophilized flash-release formulation technology to significantly enhance the bioavailability of these difficult-to-deliver macromolecules by several-fold.

This platform features three key technological advantages: (i) intestinal targeting protection coupled with permeation enhancement, (ii) reversible tight-junction modulation enabling macromolecule absorption via specialized permeation enhancers, and (iii) enzyme-resistant protection that prolongs drug action duration and improve plasma concentration persistence. We are committed to leveraging this platform to develop innovative and complex oral peptide drugs that address the patient adherence limitations of traditional injectable therapies.

We have established a strategic partnership with Oralead Pharma to leverage its Macoral® oral formulation platform for the development of multiple oral peptide products, including BGM0504 tablets. Under this partnership, we enter into separate, product-specific collaboration agreements for each drug candidate. For more information on our investment in Oralead Pharma, an associate of our Company, see "Relationship with Our Controlling Shareholders."

Collaboration with Oralead Pharma for BGM0504 Tablets

We entered into a R&D collaboration agreement with Oralead Pharma in July 2023, pursuant to which Oralead Pharma granted us an exclusive, sublicensable, and worldwide license to utilize its current and future patents related to the polypeptide oral delivery technology (including the Macoral® platform) for BGM0504. Oralead Pharma is primarily responsible for conducting early-stage formulation research and providing technical support leveraging its Macoral® platform. We are responsible for supplying the APIs, advancing subsequent preclinical and clinical development, managing regulatory submissions, and undertaking manufacturing and global commercialization of the resulting BGM0504 tablets. Oralead Pharma retains ownership of its underlying Macoral® platform technology, and all new patents and intellectual property rights related to BGM0504 tablets generated from the performance of this collaboration agreement shall be solely applied for, held, and owned by us.

In partial consideration of the license granted by Oralead Pharma, we agree to pay a one-time license fee of RMB3.0 million. Furthermore, we agree to pay milestone payments totaling up to RMB49.0 million upon the achievement of specified clinical and regulatory milestones, from IND approval through NDA approval. Additionally, we are required to pay an additional milestone payment of RMB10.0 million for each new country in which marketing approval is obtained. Upon commercialization, we are also required pay Oralead Pharma royalties of a low-single-digit percentage of BGM0504 tablets' global annual net sales for a prescribed period.

This agreement has an initial term of five years until July 2028. The agreement will automatically extend beyond the initial term if we continue the R&D, manufacturing, and/or sales of BGM0504 tablets after the initial expiration date, and will terminate upon our permanent cessation of such activities.

RESEARCH AND DEVELOPMENT

We are advancing our R&D strategy with innovative drugs at the forefront, while sustaining our edge in generics and APIs/intermediates. For innovative drugs, we are building core technologies to create differentiated, hard-to-replicate products with promising clinical and commercial value. Our metabolic portfolio centers on multi-target GLP-1 drugs, novel delivery methods beyond injections, and expanded applications in chronic metabolic diseases. For generic drugs, we target technically complex, high-barrier products and track newly launched originators with strong market potential. Our integrated R&D approach for generic drugs combines early-filing strategy, complex technology, specialty APIs/intermediates and formulations.

Our R&D team is led by Dr. Yuan Jiandong, our founder and chairman of the Board, and other distinguished scientists with extensive drug development experience and expertise. We conduct research and development activities primarily through our in-house R&D team and engage CROs from time to time to support our preclinical research and clinical trials. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB248.6 million, RMB297.5 million and RMB304.9 million, respectively, of which 20.3%, 38.9% and 62.4% were invested in the development of our innovative drug candidates.

In-house R&D Team

Our in-house R&D capabilities, built on four clinically validated technology platforms, give us control and visibility over our R&D process, and enable us to ensure the quality and efficiency of our drug development programs. For details regarding these technology platforms, see "— Technology Platforms." As of December 31, 2025, our in-house R&D team consisted of over 270 members, around 37.0% of whom held master or doctoral degrees, mainly in biology, pharmacology, chemistry, and medical science. Our R&D team comprises talents with extensive experience in drug discovery, preclinical development, CMC, clinical development and regulatory affairs, spanning the entire drug development cycle. Many of them have years of experience in driving drug discovery and development programs at well-known pharmaceutical companies.

R&D Process

Before initiating an R&D project, we conduct comprehensive market assessments to evaluate if the potential product candidate addresses underserved medical needs and offers commercial feasibility, and in the case of a generic drug, if it would be the pioneering generic version in a high-entry-barrier market. We select our R&D priorities by weighing the medical needs against the drug's commercial prospects, factoring in potential market size, competition and the probability of successful development. The initiation of each R&D project requires the green light from our project management team. Once a project is approved, it is assigned a project leader. The project leader is responsible for team formation, project management, intellectual property and inter-department coordination. We also conduct periodic evaluations of ongoing R&D projects to monitor their progress.

The following summary highlights the key steps of our in-house R&D process for innovative drug development:

- ***Target identification and drug discovery***. Before initiating a project, we leverage our scientific expertise and market insights to identify targets with high therapeutic potential. For each identified target, we conduct a comprehensive feasibility analysis, taking into account factors including market size, patentability, competitive landscape, regulatory strategy, and potential risks, while enhancing strategic synergies with our marketed products and our pipeline's differentiated advantages. We then design and screen chemical compounds to select lead compounds that have demonstrated pharmacological and biological activity on a specific therapeutic target.

- ***Preclinical studies.*** Our preclinical development consists of two phases: (i) prior to the selection of preclinical candidate compound ("**PCC**"), we evaluate lead compounds through comprehensive *in vitro* and *in vivo* studies, assessing pharmacological selectivity, duration of action, pharmacokinetic properties, and preliminary safety profiles. Candidate compounds must demonstrate the desired properties and meet our stringent PCC selection criteria; and (ii) following PCC determination, we conduct IND-enabling studies including pharmacodynamics (PD), drug metabolism and pharmacokinetics (DMPK), integrated PK/PD studies, and comprehensive safety evaluation. All toxicological studies are conducted under Good Laboratory Practice (GLP) standards in compliance with applicable regulations of competent authorities.

  Concurrently, our CMC team develops stringent standards and procedures designed to ensure the consistent manufacturing of high-quality drug substances and drug products. These integrated workstreams encompass critical stages from preclinical research through clinical development, supporting IND filing for first-in-human clinical trials.

- ***Clinical development.*** During clinical trials, we maintain close communication with trial sites and principal investigators to ensure studies are conducted in a timely manner and in accordance with study protocols and GCP guidelines. We select reputable clinical trial institutions and hospitals based on their quality, resources, experience, reputation, and

availability of qualified investigators and appropriate patient populations. We employ a risk-based monitoring approach and maintain robust data integrity standards throughout the clinical development process. Furthermore, our regulatory affairs team oversees the registration strategy and submission of documents required by relevant regulatory authorities.

- ***NDA/BLA submission and approval.*** Upon successful completion of the clinical trials and the collection of sufficient data to demonstrate a product candidate's safety and efficacy, we submit an NDA or BLA to the applicable regulatory authorities. This submission includes comprehensive data packages from preclinical studies, clinical trials, and CMC. The regulatory authority then conducts a thorough review of the application materials, which may include onsite inspections of clinical trial sites and manufacturing facilities to verify the data integrity and compliance with applicable cGMP requirements, before granting us the marketing approval.

For generic drug and API development, our R&D process typically involves process development and optimization, scale-up, validation batch production, clinical studies (where required), regulatory inspections, and marketing authorization.

Collaboration with CROs

In addition to our in-house R&D activities, we also collaborate with reputable CROs to manage, conduct, and support our preclinical research and clinical trials. The services they provide under our supervision include site management, patient recruitment and data management for our clinical trials, as well as preclinical and clinical laboratory testing and other specialized tasks aligned with our needs.

We select CROs based on various factors, such as professional qualifications, research experience in the related fields, service quality and efficiency, industry reputation, and pricing competitiveness. Depending on the specific services required, we enter into project-based service agreements with our CROs that outline the detailed scope of work, procedures, deliverables, timelines, and payment terms. We closely supervise our CROs with an aim to ensure their performance in a manner that complies with our protocols, regulatory requirements, and applicable laws, which in turn protects the integrity and authenticity of the data from our trials and studies.

Key terms of our agreements that we typically enter into with our CROs are set forth below.

- ***Services.*** The CROs provide us with ancillary services in the course of our preclinical studies and clinical trials, such as implementing animal studies, providing clinical support, record keeping and report preparation.

- ***Term.*** The CROs are required to perform their services within the prescribed time limit set out in each work order, usually on a project basis.

- ***Payments.*** We are required to make payments to the CROs in accordance with a payment schedule agreed by the parties.

- ***Intellectual property rights.*** We generally own all intellectual property rights arising from the projects conducted by the CROs within the stipulated work scope.

We engaged 71, 91 and 108 CROs for the years ended December 31, 2023, 2024 and 2025, respectively, with associated service fees of approximately RMB53.9 million, RMB87.7 million and RMB351.8 million for the same periods. Our key CROs primarily include established clinical research service providers with extensive experience in managing multi-center clinical trials in China and globally. Save for Oralead Pharma, where two of our executive Directors serve as directors, all CROs engaged by us during the Track Record Period were Independent Third Parties. In addition to the contractual measures described above, we conduct periodic on-site quality audits on our key CROs and, where appropriate, engage independent third-party institutions for quality oversight. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with any of our CROs.

COLLABORATIONS AND PARTNERSHIPS

Strategic Collaboration with China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. to Accelerate Development and Commercialization of BGM0504 Injection

In August 2025, we and our affiliates entered into a collaboration agreement with China Resources Sanjiu Medical & Pharmaceutical Co., Ltd. ("**CR Sanjiu**"), a leading pharmaceutical company listed on the Shenzhen Stock Exchange to accelerate the development and commercialization of BGM0504 injection, combining CR Sanjiu's industry resources and commercial capabilities with our R&D expertise. For further details on BGM0504's latest clinical development status, see "— Our Product Portfolio — BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential — Summary of Clinical Trial Data."

Pursuant to the agreement, we have granted CR Sanjiu (i) an exclusive, sublicensable license to collaborate with us on the clinical development of BGM0504 injection in Chinese Mainland, and (ii) an exclusive, sublicensable right to commercialize BGM0504 injection in the same territory. This arrangement allows us to leverage CR Sanjiu's well-established sales channels and extensive marketing experience, which is expected to facilitate broader patient access to BGM0504 injection. Furthermore, CR Sanjiu's involvement in the clinical stage enables BGM0504 to build KOL advocacy during trial execution and provides valuable commercially-driven insights into BGM0504 injection's Phase 3 trial designs. For clarity, the collaboration is limited to single-agent injectable formulations containing BGM0504 as the active ingredient and excludes other dosage forms of BGM0504 (such as tablets), multi-target agents directed at but not exclusive to GIP/GLP-1 receptors, as well as any combination products containing BGM0504 and one or more other active ingredients. Notwithstanding the foregoing exclusions, if we propose to enter into any transfer, licensing or other collaboration arrangement with a third party with respect to such excluded product categories in Chinese Mainland, CR Sanjiu has a right of first negotiation with us in respect of such arrangement.

We and CR Sanjiu are jointly advancing the research and development of BGM0504 injection in Chinese Mainland, where we take the lead in clinical trial execution and continue to serve as the sponsor of all existing trials. We will remain the sole marketing authorization holder ("**MAH**") of BGM0504 injection in Chinese Mainland and assume all obligations and responsibilities required of the MAH under applicable laws and regulations. The collaboration has not resulted in any change in the ownership of the relevant patents, and we continue to be the holder of all existing patents relating to the product. We retain the exclusive right and responsibility to manufacture and supply BGM0504 injection. Subject to our retained rights, CR Sanjiu is responsible for conducting the commercialization activities in Chinese Mainland, including marketing, sales, distribution, pricing strategies, and leading NRDL negotiations for BGM0504 injection.

We are eligible to receive milestone payments potentially up to an aggregate of RMB282.0 million upon the achievement of certain development and regulatory milestones. Following BGM0504 injection's first commercial sale in Chinese Mainland, we agree to pay CR Sanjiu service fees based on a predetermined percentage of BGM0504 injection's net sales in Chinese Mainland.

We and CR Sanjiu may each appoint three representatives to form a joint development committee to oversee BGM0504 injection's development matters. Following the submission of a marketing authorization application, a similarly structured joint commercialization committee will be formed to oversee BGM0504 injection's commercialization matters. We agree to provide prior written notice to CR Sanjiu of any proposed development of additional indications, dosages, or clinical trials for BGM0504 injection. If CR Sanjiu elects to participate in co-development, the parties will execute a separate agreement specifying cost allocation and other terms. In particular, with respect to certain specified new clinical trials contemplated under the agreement, if the existing product label for BGM0504 injection is successfully amended based on data from such new trials, CR Sanjiu agrees to pay us sales milestone payments over a five-year period following the commercial launch of BGM0504 injection under each updated label, up to an agreed aggregate amount for each trial set at the lower of (a) 50% of the actual clinical trial costs incurred for the relevant trial and (b) RMB28.5 million.

This agreement shall remain in full force and effect until terminated pursuant to its terms or by mutual written consent of the parties.

According to CIC, this collaboration arrangement — where we remain the MAH, continue to lead clinical development, and retain manufacturing rights, while granting commercialization rights to a partner — along with the associated consideration terms, aligns with prevailing market practice in the PRC pharmaceutical industry, particularly for metabolic therapies that require intensive commercial investment and broad distribution infrastructure.

MANUFACTURING

We currently manufacture our finished drug products and APIs/intermediates primarily in-house, in compliance with international cGMP standards. We have historically engaged, and will continue to engage, industry-recognized CDMOs to supplement our in-house manufacturing capacity, enabling us to optimize resource allocation and maintain cost efficiency.

Manufacturing Facilities

We currently operate two manufacturing sites, both located in Jiangsu province, China. During the Track Record Period and up to the Latest Practicable Date, we obtained the requisite licenses for our existing manufacturing facilities. For details, see "— Licenses, Permits and Approvals." Our manufacturing systems and facilities are instrumental to the smooth execution of our clinical trials and reliable delivery of our marketed products.

Our manufacturing facilities in Taixing, Jiangsu specialize in the production of APIs and intermediates (including synthetic, fermentation-based semi-synthetic, and peptide products), with an annual API production capacity exceeding 50 tons. Our manufacturing facilities in Suzhou are primarily responsible for the production of finished drug products, including small molecule drugs, peptides, and biologics, with an annual production capacity of approximately 600 million units. The following table sets forth a summary of our existing manufacturing facilities as of the Latest Practicable Date.

Facility Location	Site area *(sq.m.)*	GFA *(sq.m.)*	Major products produced
Taixing, Jiangsu	99,195	80,698	APIs and intermediates
Suzhou, Jiangsu	31,561	91,459	Finished drug products

The following table sets forth the designed production capacity, actual production volume and utilization rates of the production lines and workshops which are used in our manufacturing facilities as of the dates and for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
APIs/Intermediates			
Taixing Facilities			
Designed production capacity (liters)[(1)]	3,532,260	3,532,260	3,532,260
Production volume (liters)[(2)]	1,542,094	2,042,539	2,078,314
Utilization rate (%)[(3)]	43.7%	57.8%	58.8%
Suzhou Facilities			
Designed production capacity (liters)[(1)(4)]	11,673	10,963	9,073
Production volume (liters)[(2)]	4,732	4,945	4,747
Utilization rate (%)[(3)]	40.5%	45.1%	52.3%
Finished Drug Products			
Suzhou Facilities			
Designed production capacity ('000 units)[(5)]	102,850	102,850	102,850
Production volume ('000 units)[(6)]	28,529	72,786	95,830
Utilization rate (%)[(3)]	27.7%	70.8%	93.2%

Notes:

(1) Designed production capacity represents the total reactor volume associated with each production line and workshop. It is calculated as the total reactor volume multiplied by the standard number of working days, which are set at 250 days for a full year.

(2) Production volume represents the total reactor volume involved in the actual production of all products during the reporting or measurement period. For each product, the volume is calculated as the total reactor volume used in production multiplied by the actual production days, and then summed across all products within the workshop.

(3) Utilization rate is calculated by dividing the production volume by the designed production capacity.

(4) The decrease in the designed production capacity of APIs and intermediates at our Suzhou facilities during the Track Record Period was primarily due to the transfer of certain production to our Taixing facilities, as part of our strategic optimization and reallocation of manufacturing resources, taking into consideration the overall capacity utilization of each site.

(5) Designed production capacity represents the total annual production volume of all finished drug products, expressed in units such as tablets, capsules, vials, bottles, or sachets. It is determined by adjusting the approved annual production capacity by the proportion of the reporting period to twelve months.

(6) Production volume represents the aggregate quantity of finished drug products produced and transferred into inventory.

The utilization rates across our existing manufacturing facilities grew steadily during the Track Record Period. The below-capacity rates earlier in the Track Record Period were largely attributable to the ramp-up of new production lines, increase in production volume to meet customer demand and R&D needs, and the inherent characteristics of pharmaceutical manufacturing, where production schedules are affected by regulatory batch requirements, quality assurance protocols, demand cycles, and numerous other factors, rather than continuous output.

For our API and intermediate facilities at Taixing and Suzhou, the increase in utilization rates during the Track Record Period was primarily driven by growth in order volumes and the commencement of commercial production of additional API products. Utilization rates also reflect structural constraints inherent to multi-product API manufacturing. For example, each workshop contains reactors of varying sizes; when a product requires only smaller reactors, the larger reactors in the same workshop remain idle yet are still counted toward design capacity. Products within a workshop also share downstream equipment such as filtration, crystallization and drying systems, and achieving full utilization would require complete synchronization across the entire production line, which is not practically feasible.

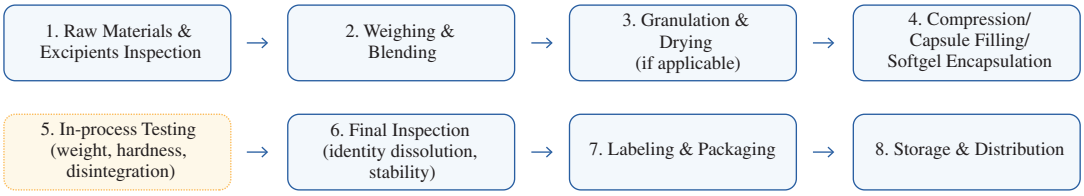
For our finished drug product facilities at Suzhou, the relatively low utilization rate at the beginning of the Track Record Period was primarily because total design capacity was calculated on the basis of all installed production lines, including those that had been fully constructed and equipped but had not yet commenced production as they were still undergoing process validation and regulatory registration. The increase in utilization rates during the Track Record Period was driven by additional production lines commencing operation and the continued growth in production volume in response to growing demand for our marketed finished drug products.

As of the Latest Practicable Date, we also had several new manufacturing facilities under construction (including expansion of our existing manufacturing facilities), including: (i) our Suzhou Inhalation and Chemical Drug Formulation Production Base and Biomedical R&D Center (Phases 1 and 2), primarily designed for the manufacturing of high-barrier inhalation products to address the growing respiratory therapeutics market, with operations expected to commence in early 2027, (ii) our Innovative Drug Formulation and API Production Base (Phase 1) built on our Suzhou site, designed to support the phase 3 clinical trials and early commercialization of our BGM0504 injection, scheduled to become operational in early 2027, and (iii) an expansion to our Taixing manufacturing facilities (Phase 2) to support the API development and manufacturing for BGM0504 with anticipated commercial launch as early as 2027. As of the Latest Practicable Date, the above facilities had obtained the principal construction-related permits and approvals, except that the completion acceptance for the Suzhou Inhalation and Chemical Drug Formulation Production Base and Biomedical R&D Center (Phase 1 and Phase 2) and the Innovative Drug Formulation and API Production Base (Phase 1) had not yet been obtained as certain ancillary structures remain under construction and are required to undergo completion acceptance together with the principal structures. We expect to apply for completion acceptance by December 31, 2026. Our Directors are not aware of any material legal impediment to, and do not foresee any material difficulty in, obtaining the remaining permits. Once operational, these facilities are expected to form an integrated API-to-formulation supply chain and strengthen our in-house capacity for the commercialization of BGM0504 injection in China, reducing our reliance on third-party CDMOs.

Furthermore, we are expanding our manufacturing capabilities internationally through joint ventures that combine our technical expertise with local market knowledge, with an aim to develop regionally tailored pharmaceutical products that capture overseas opportunities. As of December 31, 2025, we held a 19.32% equity interest in PT Anvita Pharma Indonesia ("**Anvita**"), an API and oral solid dosage form manufacturer in Indonesia. The remaining equity interest is held by investors with experience in pharmaceutical investment and operations in Southeast Asia. Anvita operates independently and bears its own operating costs and there are no separate profit-sharing or cost-sharing arrangements among the shareholders of Anvita other than through their respective equity interests. Process-related intellectual property for API manufacturing will be owned by Anvita. There are no material IP licensing arrangements between us and Anvita. Based on information provided by Anvita, in 2024, Anvita's annual API production volume was approximately 450 kilograms, with plant utilization of approximately 44%. In 2025, annual production increased to approximately 1,200 kilograms, with utilization improving to approximately 72%, and a planned plant upgrade in 2026 is expected to further increase its production capacity. To our best knowledge, as of the Latest Practicable Date, Anvita had obtained GMP certifications and had a portfolio of 15 locally manufactured APIs. Anvita received market authorization for its first finished drug product in November 2024 and expects to obtain market authorization for several additional products in 2026. We believe our investment in Anvita supports our long-term growth strategy in Southeast Asia, particularly in Indonesia, the largest pharmaceutical market in the region, where government policies actively promote local pharmaceutical production and provide favorable procurement terms in national tenders to products using locally manufactured APIs.

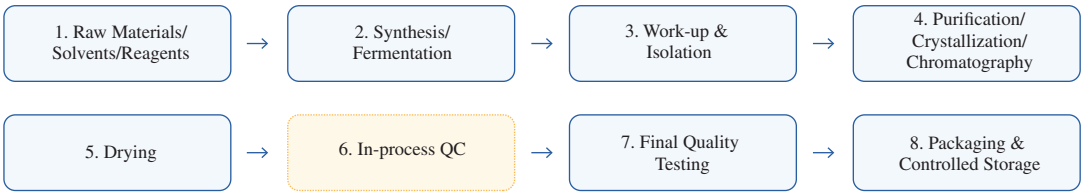
Manufacturing Processes

We operate tailored manufacturing processes for our pharmaceutical and API products. The manufacturing process of our pharmaceutical products is generally elaborated below:



- ***Raw materials and excipients inspection.*** Incoming raw materials and excipients are inspected and tested in compliance with quality standards.
- ***Weighing and blending.*** Materials are precisely weighed and blended to achieve uniformity.
- ***Granulation and drying.*** For certain formulations, blended powders are granulated and dried to improve processability and dosage form stability.
- ***Compression, capsule filling and softgel encapsulation.*** Blends or granules are processed into tablets, filled into capsules, or encapsulated into softgels, depending on dosage form.
- ***In-process testing.*** Products are subject to in-process controls such as tablet weight, hardness and disintegration to ensure consistency.
- ***Final inspection.*** Finished products are tested to confirm identity, dissolution profile, and stability before release.
- ***Labeling and packaging.*** Approved products are labeled and packaged in line with cGMP and regulatory requirements.
- ***Storage and distribution.*** Finished products are stored under specified environmental conditions and distributed to customers or downstream partners.

The manufacturing process of our API products is elaborated below:



- ***Raw materials, solvents and reagents preparation.*** We procure and inspect raw materials, solvents and reagents in accordance with the applicable specifications before production.
- ***Synthesis or fermentation.*** Depending on product characteristics, intermediates are generated either through chemical synthesis under controlled conditions or via microbial fermentation.
- ***Work-up and isolation.*** Post-reaction or post-fermentation mixtures are processed through extraction, filtration and concentration to isolate the target intermediate.
- ***Purification.*** Further purification steps, such as crystallization or chromatography, are applied to remove impurities and obtain APIs of higher purity.
- ***Drying.*** Isolated APIs are dried under controlled temperature and humidity conditions.

- ***In-process and final quality control.*** Products undergo testing at critical stages and comprehensive final QC, covering identity, purity, content, and stability, before release.
- ***Packaging and storage.*** Qualified APIs are packaged in line with cGMP requirements and stored under specified environmental conditions before being delivered for formulation or sales.

Collaboration with CDMOs

During the Track Record Period, we outsourced a small portion of our manufacturing activities, primarily for the production of (i) drug products with relatively simple synthesis processes, lower technical complexity, minimal confidentiality requirements, or less stringent quality specifications, and (ii) drug products with limited market size that do not justify the costs of establishing new in-house production lines. We intend to continue to collaborate with CDMOs in the near term, as we believe outsourcing non-core manufacturing activities provides an optimal balance of cost-effectiveness and operational efficiency.

When selecting CDMOs, we consider a number of factors, including manufacturing capacity, qualifications, geographic, track record, and pricing competitiveness. We conduct quality assurance audit programs to monitor and evaluate the services of our CDMOs.

We generally enter into project-specific technical service agreements, under which each party's rights and obligations are stipulated. Key terms of such agreements are set forth below.

- ***Services.*** The CDMOs are required to deliver products that meet our quality standards within agreed timeframes and quantities. The services generally involve manufacturing activities, and in some cases include API testing, process confirmation, process validation, stability studies, and delivering documentation generated during the course of such studies.
- ***Quality assurance and inspections.*** We are entitled to conduct on-site audits and regular inspections to ensure compliance of our CDMOs with the relevant cGMP and regulatory requirements. The CDMOs are also obligated to retain production, testing and validation records as required under the applicable cGMP requirements, and allow us to review such records.
- ***Payments.*** We are required to make payments to the CDMOs in accordance with the payments schedule set forth in the agreement, which is typically linked to the stages of the manufacturing process and the deliverables we receive.
- ***Intellectual property rights.*** We own all intellectual property rights relating to our products arising from the outsourced manufacturing processes.
- ***Remedies for non-conforming products.*** We are entitled to remedies for products that fail to conform to our specifications. Depending on the contract terms, the CDMOs may rectify the non-conformities, refund or waive the relevant fees, pay liquidated damages, or compensate us for related losses.

We engaged three, two and one CDMO for the years ended December 31, 2023, 2024 and 2025, respectively, with associated service fees of approximately RMB1.9 million, RMB6.8 million and RMB0.5 million for the corresponding years. Our key CDMOs primarily include established pharmaceutical manufacturing service providers with the requisite cGMP certifications. All CDMOs engaged by us during the Track Record Period were Independent Third Parties. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with any of our CDMOs.

For risks relating to our relationship with CDMOs, see "Risk Factors — Risks Relating to Dependence on Third Parties — We rely on third parties to support and conduct certain aspects of our business, and the inability of any of these parties to reliably carry out their contractual duties or meet expected timelines could adversely affect our business and prospects."

QUALITY MANAGEMENT

We maintain stringent quality controls, adhering to our quality objective of consistently producing pharmaceutical products that meet intended use and registrational requirements. Our approach integrates strict compliance with national regulations, and alignment with international requirements for exported products. Through systematic process controls, stringent monitoring, and comprehensive quality management, we strive to ensure the efficacy and safety of our products. Currently, our API and finished drug production quality systems meet cGMP standards across major global markets (including China, Europe, U.S., Japan, South Korea, Australia and Brazil).

We have a dedicated quality management team that fulfills both quality assurance and quality control roles. The quality assurance team oversees the management and monitoring of our production process, while the quality control team focuses on the inspection and testing of raw materials, APIs/intermediates and finished drug products. As of December 31, 2025, we had 214 members in our quality management team.

Supply Chain Quality Control

We implement a strict procurement and supplier management system with comprehensive controls covering the entire procurement lifecycle, including purchase requests, approval, vendor quotation, contract execution, delivery, and quality inspection. Our business units determine their procurement plans based on operational needs, and submit purchase requisition forms for approval by project managers or department heads before forwarding to the Procurement and Warehouse Department for vendor quotation and selection, followed by procurement contract execution with selected suppliers.

For new supplier selection, we conduct comprehensive on-site inspections and assess track records, business scale, pricing competitiveness, and project execution capabilities. We execute quality agreements with major suppliers that specify quality specifications, delivery requirements and compliance obligations, while our quality management team conducts regular audits to ensure ongoing compliance with established standards.

All materials we procure undergo inspection upon receipt according to standardized procedures. Our quality control personnel conduct batch sampling inspections and issue inspection reports indicating whether materials meet established quality standards. Quality assurance personnel review these inspection reports alongside acceptance and testing records to conduct comprehensive audit assessments. Based on assessment results, our quality management team head determines whether to approve the release of these materials for production use. Through these controlled procedures, we aim to minimize supply chain risks while maintaining precise management of the materials procured throughout our operations.

Production Process Quality Control

All production processes operate according to detailed production instructions, protocols, and cGMP standards to ensure consistent product quality. Our quality assurance personnel conduct rigorous monitoring at each production stage to oversee compliance with operational procedures and prevent deviations from established standards. Upon completion of batch production for APIs and intermediates, manufacturing personnel perform weighing and verification processes before storing them at designated stations. Samples are subsequently submitted to our quality control team for comprehensive testing according to established sampling management procedures. Quality control personnel collect and test samples before issuing API/intermediate product inspection reports for quality assurance review. Our quality assurance team conducts thorough audits that

evaluate inspection results, process protocol adherence, operator performance, process control, environmental monitoring, deviation handling, and change management. Based on audit outcomes, on-site quality assurance personnel make final release decisions by issuing release or rejection notices for APIs/intermediates.

We have also established a comprehensive maintenance program for our facilities and equipment, which primarily includes periodic inspection of production facilities and equipment as well as regular calibration of instruments to ensure ongoing compliance with operational and regulatory requirements.

Finished Product Quality Control

Each batch of finished drug products undergoes comprehensive sample testing by our quality control personnel, who issue finished drug product inspection reports for quality assurance personnel's review. Before delivering finished drug products to customers, all documentation relating to product quality, including batch records, laboratory testing records, production process records and other information that may impact product quality, are submitted to our quality assurance personnel for final review.

Our quality assurance personnel review all records in accordance with quality standards consistent with registration requirements and cGMP standards. Finished drug products that fail to meet our quality standards cannot be released and are destroyed or otherwise disposed of according to established procedures. Only finished drug products that have received quality control approval are authorized for market distribution.

Post-marketing Surveillance

We have implemented post-marketing surveillance systems to fulfill our regulatory obligations for drug safety monitoring and pharmacovigilance activities. Our surveillance framework includes adverse drug reaction reporting, safety signal detection, and regulatory communication in accordance with applicable regulations. We maintain dedicated personnel responsible for monitoring, evaluating, and reporting adverse drug reactions and safety-related information to regulatory authorities within prescribed timeframes. Our pharmacovigilance system enables us to promptly identify and respond to potential safety concerns while maintaining transparent communication with regulatory authorities regarding any safety-related findings.

SALES AND MARKETING

We have strategically positioned ourselves as a global pharmaceutical company by deepening our presence in China, the U.S., Europe, Japan, South Korea, and key emerging markets. Leveraging our internationally compliant manufacturing systems and global regulatory expertise, we strive to strengthen our established market position across major countries while actively expanding into high-potential emerging markets through targeted commercialization efforts.

During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. Our marketing initiatives are primarily executed by our in-house sales and marketing team. We have also built collaborations with distributors and third-party promoters to enhance the sales performance, brand recognition and market acceptance of our products.

Our Sales and Marketing Team

Our sales and marketing operations are managed by experienced professionals with strong sales capabilities and experience to support systematic planning and efficient network operations. Our sales and marketing team is responsible for product positioning research, market planning, business policy formulation, medical education activities, product tendering, price maintenance, sales contract management, and all other supporting functions for our marketing channels. We regularly provide in-house and external trainings to enhance the industry knowledge and marketing skills of our sales and marketing team. We have also put in place strict compliance measures and policies for our sales and marketing personnel, including anti-bribery and anti-corruption requirements. See also "— Risk Management and Internal Control — Internal Control — Anti-bribery and Anti-corruption."

Our Sales and Distribution Model

Our marketed products reach over 40 countries and regions globally, including numerous in-house developed APIs and intermediates holding Drug Master Files (DMFs) registrations across major markets — China, the U.S., Europe, Japan and South Korea — which have been frequently referenced by customers in their regulatory submissions. As we fortify and expand our specialty API business, we simultaneously advance into downstream formulation development, creating an integrated end-to-end value chain spanning from starting materials through high-complexity APIs/intermediates to finished products.

The following table sets forth a breakdown of our revenue by geographic area and distribution channel for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB in thousands	*%*	*RMB in thousands*	*%*	*RMB in thousands*	*%*
Chinese Mainland						
Direct sales[(1)]	470,283	40.4	325,726	26.0	288,733	24.1
Distributors	296,642	25.5	352,331	28.1	389,761	32.5
Subtotal	766,925	65.9	678,057	54.0	678,494	56.6
Outside Chinese Mainland						
Direct sales[(1)]	302,626	26.0	364,448	29.0	355,233	29.6
Distributors	94,072	8.1	212,363	16.9	164,478	13.7
Subtotal	396,698	34.1	576,811	46.0	519,711	43.4
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Our direct sales primarily represent sales of APIs and intermediates to downstream pharmaceutical companies, both domestically and overseas.

We have established a geographically diversified sales and distribution model with distinct yet complementary commercial approaches for domestic and international markets.

- In Chinese Mainland, we generated revenue through a diversified portfolio of APIs/intermediates and finished drug products. For APIs/intermediates, we capitalize on our strong industry reputation to engage in direct sales to leading pharmaceutical companies in the domestic market, which also enables us to provide integrated solutions that enhance customer value. Our finished drug products are commercialized through a hybrid model: for generic formulations, we actively participate in centralized tender processes while concurrently developing distribution networks to maximize national coverage; for specialty and innovative products with higher technical barriers, we synchronize in-house sales team development with regulatory approval timelines to establish dedicated promotion capabilities.

- Outside Chinese Mainland, the majority of our revenue was derived from direct sales of API and intermediates. Our global sales team employs a diversified approach, including participation in key industry trade shows, targeted digital marketing, direct client engagement, and partnerships with local distributors in selected markets. This commercialization strategy allows us to maintain stringent quality control while systematically expanding our global footprint.

Direct Sales

Leveraging our well-established in-house sales and marketing capabilities, we actively expand into new markets while solidifying our ties with existing customers and identifying growth opportunities within existing markets. Through flexible commercial strategies, we capitalize on our strong relationships with downstream pharmaceutical companies, establishing early-stage partnerships during drug discovery to support their product development and commercialization efforts.

API and Intermediates

Our specialty APIs and intermediates for external sales are primarily procured by downstream customers through two phases: drug development stage (encompassing laboratory, pilot, and validation batches) and commercial-scale production. During drug development, customers typically establish partnerships with us early in the process, in recognition of our proprietary synthesis processes, high technical barriers, and limited availability of comparable-quality suppliers. Through synchronized API registration submissions that align with our partners' regulatory approval process, we secure designation as their long-term API supplier upon marketing approval. Following approval, while order volumes typically expand substantially with more moderate pricing, we maintain our preferred supplier position through two key competitive advantages: proprietary manufacturing processes that are instrumental to consistent quality and supply reliability, and early-filing registration status that creates significant switching barriers for competitors.

Capitalizing on our R&D expertise and technological leadership, we have established a differentiated position in the global pharmaceutical value chain. Notably, we provide targeted technical support and end-to-end development solutions to selected customers, accelerating their drug commercialization while securing structured profit-sharing arrangements upon product launch. Our successful implementation of this innovative business model with global pharmaceutical partners underscores our technical sophistication and sets us apart from domestic industry peers in China.

Finished Drug Products

For our finished drugs with higher technical barriers, including innovative drug candidates, we synchronize in-house sales team development with regulatory approval timelines to establish dedicated promotion capabilities. In particular, we are actively building our in-house capabilities through the progressive establishment of dedicated sales and marketing teams in strategic markets, enabling deep involvement in product promotion and market education while gradually strengthening our end-market insights and capabilities.

Distributors

We operate a seller-buyer model with our distributors, where they take ownership of the drug products upon delivery — assuming all associated risks, including unsold stock — and are not entitled to return the sold products unless in cases of product defects. This definitive transfer of ownership is distinguishable from consignment or principal-agent models, as our distributors then independently distribute our products to hospitals, retail pharmacies, and other end customers. We believe our distribution strategy helps extend our coverage in a cost-effective manner while we retain proper control over our distribution network and marketing activities.

To the best knowledge of our Directors, all our distributors during the Track Record Period and up to the Latest Practicable Date were Independent Third Parties. None of the distributors who transacted with us during the Track Record Period and up to the Latest Practicable Date were controlled by our former or current employees, uses our brand or name (except where expressly authorized by us for specific promotional activities), or has received any material advance or financial assistance from us.

Distribution Network

Our distributor network includes well-established pharmaceutical distributors, as well as regional distributors with deep market penetration within specific geographic areas. Our domestic distributors are licensed pharmaceutical companies principally engaged in the wholesale distribution of pharmaceutical products in China. For our international sales, our distributors are primarily trading companies with established local sales network that act as intermediaries to facilitate our transactions with end customers in the relevant overseas markets. As of December 31, 2025, our distribution network comprised over 330 distributors across 19 countries and regions.

The following table sets forth the movement of the number of our distributors for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the year[(1)]	326	307	273
Addition of new distributors[(2)]	163	137	186
Termination of existing distributors[(3)]	182	171	121
Net increase/(decrease) in distributors	(19)	(34)	65
Number of distributors at the end of the year[(4)]	**307**	**273**	**338**

Notes:

(1) The numbers of distributors in this table are calculated on entity level, without combing distributors belonging to the same group.

(2) New distributors refer to distributors who (i) had at least one transaction with us in the relevant year; and (ii) did not have any transaction with us in the immediately preceding calendar year.

(3) Terminated distributors refer to distributors who (i) did not have any transaction with us in the relevant year; and (ii) had at least one transaction with us in the immediately preceding calendar year.

(4) The fluctuation in the number of our distributors during the Track Record Period primarily reflected market dynamics in the highly competitive pharmaceutical distribution sector, as we select partners best aligned with our market strategies, regional priorities, and expanding product portfolio. According to CIC, the pharmaceutical distribution industry is highly competitive and fragmented, providing us with ample options to identify and partner with qualified distributors without substantial obstacles or unreasonable costs.

The additions and terminations of distributors during the Track Record Period were primarily due to (i) the adjustment of our distribution arrangements for oseltamivir phosphate capsules, where we consolidated our network into a smaller number of key distributors to better manage pricing and oversee our distribution channels, resulting in the termination of distributors, and (ii) the addition of new distributors in connection with newly launched products.

Distributor Management

We choose our distributors based on their demonstrated distribution capabilities, knowledge of their respective markets, financial stability, creditworthiness, and operational scale. All distributors must hold the necessary licenses and permits for pharmaceutical sales and distribution. We regularly review the performance of our distributors based on their market coverage, sales growth, reputation, level of cooperation, compliance with the terms of our distribution agreement, and overall credit profiles.

Terms of Distribution Agreements

We enter into framework agreements with our distributors. Individual sales contracts or purchase orders are generally separately entered into or placed for each purchase. The following sets forth salient terms of our framework distribution agreements:

- ***Term***. The typical duration of distribution agreements is one year.
- ***Designated distribution area.*** Distributors are generally not allowed to sell or distribute our products outside of their designated distribution areas.
- ***Exclusivity.*** Distributors are granted the distributorship right for specified types of products in their designated distribution areas, generally on a non-exclusive basis.
- ***Sales target and minimum purchase requirement.*** Our agreements with distributors generally do not specify a mandatory annual sales target or minimum annual purchase amount.
- ***Pricing.*** Our selling prices to distributors are generally fixed during the term of the distribution agreements. In the event of a retail price change as a result of regulatory or policy changes, centralized tender processes, or pricing negotiations with the government during the term of the distribution agreement, we and the relevant distributors typically would negotiate price adjustments accordingly.
- ***Resale price management.*** Distributors typically have the right to handle negotiations with their customers. We generally do not control the prices at which our distributors resell our products to their customers.
- ***Product return and exchange.*** Our distributors may inspect the products on delivery. Returns and exchanges are generally not allowed unless in cases of product defects.
- ***Credit terms.*** We generally grant our distributors credit terms of 30 to 60 days, with longer terms granted to selected distributors with whom we have built a strong business relationship with demonstrated track record.
- ***Termination.*** We may terminate the distribution agreements in the event of any material breach by our distributors of the agreement, among other events.
- ***Compliance.*** Our distributors are required to comply with PRC laws and regulations, including anti-corruption and anti-bribery laws and regulations.

For overseas distributors, our arrangements typically consist of individual purchase orders and, where applicable, supplementary commercial agreements, rather than long-term distribution framework agreements. Specific terms may vary depending on the customers, products and local market conditions.

Prevention of Channel Stuffing

We have adopted various measures to prevent channel stuffing in our distribution network:

(i) *Demand-driven ordering*. We generally do not have mandatory sales targets for distributors, which encourages distributors to order based on actual market demand and sales forecasts.

(ii) *Ownership transfer and return restrictions*. We adopt a sales model that transfers full ownership of goods at the time of delivery, with returns prohibited during the contract term except for product defects. This model shifts the responsibility and risk of unsold inventory to distributors, incentivizing them to order based on actual sales demand to reduce holding costs and obsolescence risk.

(iii) *Monitoring and review processes*. We regularly sample different products and review sales and inventory data from our distributors, requesting further information if we identify any irregularities. We consider purchase volumes, historical data, regulatory changes, and other market factors to monitor our product sales.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any unusual procurements or sales activities that were inconsistent with distributors' past practices, nor did we notice any abnormally high inventory level of our distributors.

Prevention of Cannibalization

We manage cannibalization risk among our distributors through enforcement of our distribution agreements, which specify the designated products and geographic regions for each distributor. Our distributors are prohibited from distributing our products to customers outside their specified regions. In addition, for each of our products, we generally only maintain one primary distributor for each hospital. Our decision on whether to sell directly or through distributors for a particular product is generally determined based on the nature of the product, the type of end customer and the prevailing market conditions, such that the risk of overlap between our direct sales and distributor sales channels is minimized. We regularly review the performance and coverage of our distributors and make adjustments to our distribution arrangements as needed so that each channel continues to serve its intended customer base effectively. We also monitor market feedback and sales data across channels to identify and address potential channel overlap at an early stage.

Our Directors are of the view that the above measures are sufficient to mitigate potential cannibalization and competition among our distributors. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material cannibalization or competition among our distributors in the distribution network within the same geographical areas.

Implication of and Compliance with the "Two-Invoice System" in China

Our finished drug products are subject to the "Two-Invoice System" in China, a pharmaceutical procurement policy designed and enforced by the PRC government to reduce drug prices by streamlining the supply chain. Under this system, only two invoices are allowed between manufacturers and hospitals or other medical institutions: one from the manufacturer to the distributor, and another from the distributor to the hospitals (or other medical institutions). This system — mandatory for public medical institutions but optional for private institutions — reduces potential markups by multiple layers of distributors, promoting pricing transparency and reducing costs for the public healthcare system. Manufacturers and distributors that violate the two-invoice system requirements may face disqualification from future public tenders, loss of hospital distribution rights, and inclusion on procurement blacklists. See also "Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in Relation to Medical Industry — Drug Distribution and Two-Invoice System."

In our agreements with distributors, we specify designated regions and types of end-customers for each distributor. We implement tailored compliance strategies based on end-customer requirements: (i) for sales to public hospitals, we strictly comply with Two-Invoice System requirements, requiring our distributors to sell directly to public hospitals without involving any sub-distributors; (ii) for sales to non-public end-customers such as retail pharmacies, clinics and private hospitals, where the Two-Invoice System is not mandatory, we do not prohibit our distributors from engaging sub-distributors to expand market coverage, accommodating the fragmented nature of healthcare procurement channels — a practice that aligns with industry norm, according to CIC. We do not have contractual relationships with sub-distributors engaged by our distributors, who hold primary supervisory responsibilities over their respective sub-distributors.

We take various measures to monitor and enhance our distributors' compliance with the Two-Invoice System. Our distribution agreements require distributors to comply with the Two-Invoice System where applicable, and we periodically review distributors' downstream sales to verify compliance. In particular, for products sold in regions where we have entered into VBP schemes, compliance with the Two-Invoice System is a prerequisite for distributors to participate in the distribution arrangement. Our Directors confirm that we had complied with the Two-Invoice System in all material respects during the Track Record Period and up to the Latest Practicable Date.

Marketing Activities

For our finished drug products, we organize and participate in academic conferences, seminars and symposia, engaging in professional discussions with KOLs and healthcare professionals in our target therapeutic areas. Through these academic activities and knowledge sharing sessions, we enhance healthcare professional' understanding of the clinical efficacy, safety and cost-effectiveness of our products. Additionally, we leverage digital marketing channels, such as corporate website and WeChat official account, to deliver product information, medical education content, and real-time clinical cases to expand our reach and improve engagement efficiency with healthcare professionals and customers. For our APIs and intermediates, we primarily promote our products through participation in major exhibitions and tailored product presentations for existing and prospective customers. This multi-channel approach enables us to broaden our exposure to global pharmaceutical manufacturers, strengthen long-term customer relationships, and enhance visibility and brand recognition across the value chain.

To supplement our in-house capabilities, we engage third-party promoters who assist us with professional product information dissemination, academic conference promotion, digital marketing campaigns, brand promotion and market research. These promoters help us collect market data relating to hospitals, product flow, competitor activities, and regional market conditions, enabling us to optimize our promotional strategies and resource allocation. Through targeted market research and data analysis, we continuously refine our promotional approaches to align with market dynamics and regulatory requirements. We also require our third-party promoters to strictly comply with the anti-bribery requirements in our promotion agreements as well as other applicable laws and regulations.

PRICING

We formulate and implement comprehensive pricing strategies for our products to maintain competitiveness and profitability in the pharmaceutical market. Our pricing decisions take into account multiple factors, including our R&D, production and marketing costs and expenses, the regulatory framework, the perceived value of our products to patients and healthcare providers, and our market position within the competitive landscape.

We are committed to building a targeted portfolio strategy centered on technically complex generics, specialty APIs/intermediates, and innovative drugs. This focused approach enables us to build and maintain substantial technological barriers to entry across our product portfolio and pipeline. Overall, our specialized expertise in these high-potential segments provides competitive advantages, including pricing discretion for products with limited competition.

Pricing of Finished Drug Products

In China, upon obtaining marketing approval, drug products intended for sales to public hospitals and medical institutions, are generally required to be listed on centralized procurement platform (the "**Platform Listing**"), and listing prices are typically subject to, among others, requirements under applicable VBP schemes, negotiated pricing outcomes under the NRDL framework, cross-regional price linkage mechanisms, and minimum price or price commitment requirements, as well as other applicable platform administration. As of the Latest Practicable Date, all our finished drug products currently marketed in China had been listed on centralized

procurement platforms across multiple provinces in China. In non-public channels, such as retail pharmacies and other private medical institutions, pricing is generally market-driven, although it may still be affected by reimbursement policies, channel arrangements and market competition.

During the Track Record Period, a substantial majority of our revenue generated from the sales of finished dose generic products was derived from China. Our pricing strategies are significantly influenced by the regulatory framework governing pharmaceutical procurement and reimbursement in China, particularly the VBP schemes and the NRDL. We continuously monitor regulatory developments and adapt our pricing strategies to navigate these complex mechanisms while maintaining sustainable business operations.

VBP Schemes

VBP represents a fundamental evolution in China's pharmaceutical procurement system, implementing "volume-for-price" exchange mechanisms designed to achieve substantial cost reductions for high-volume, mature pharmaceutical products with sufficient market competition. Unlike Platform Listing, VBP schemes require direct manufacturer participation due to the significant volume commitments, quality guarantees and production capacity requirements inherent in these agreements.

The national VBP program, coordinated by the National Healthcare Security Administration ("**NHSA**"), establishes unified procurement standards across participating provinces and regions. Products eligible for national VBP typically include those with established clinical utility, significant market volumes and adequate competitive supply, specifically requiring the presence of one originator product and at least six generic manufacturers that have successfully passed consistency evaluation with the originator to ensure therapeutic equivalence and competitive bidding dynamics. Under VBP schemes, winning bidders receive guaranteed market share commitments in exchange for substantial price reductions. This volume certainty provides predictable revenue streams but significantly impacts profit margins compared to traditional procurement mechanisms. Provincial VBP schemes complement the national framework by addressing products not yet covered under national programs, generally following similar competitive principles adapted to regional market conditions. For the years ended December 31, 2023, 2024 and 2025, three, one and one of our marketed finished drug products, respectively, participated in national VBP tenders. We secured bids for two products in 2023 and the one product tendered in each of 2024 and 2025, achieving selection rates of 66.7%, 100.0% and 100.0%, respectively.

As of December 31, 2025, five of our marketed finished drug products were included in national VBP scheme, including our major marketed products oseltamivir phosphate (powder for oral suspension) and micafungin sodium injection. See also "— Our Product Portfolio." Revenue generated from sales of products pursuant to the implementation of national VBP schemes amounted to RMB62.3 million, RMB77.5 million and RMB83.9 million in 2023, 2024 and 2025, respectively, representing 5.4%, 6.2% and 7.0% of our total revenue for the corresponding years. While VBP participation provides volume certainty and expanded market access, it creates downward pressure on our product pricing and requires careful strategic consideration regarding our participation decisions and pricing proposals.

In January, 2026, the NHSA and other regulatory authorities jointly initiated a national follow-on VBP scheme for pharmaceutical products upon agreement expiry. Pursuant to this follow-on scheme, Jiangsu, Henan, and Guangdong were designated as lead provinces to organize national centralized procurements covering 315 drug varieties previously selected across the first to the eighth batches of the national VBP scheme. Four of our marketed products, including our major marketed products micafungin sodium for injection, oseltamivir phosphate capsules and oseltamivir phosphate powder for oral suspension, were eligible to participate in this follow-on procurement and successfully won the bids in February 2026. The relevant VBP results were implemented in March 2026.

Subject to applicable eligibility requirements and the availability of suitable opportunities, we may seek to enroll other marketed finished drug products into the VBP schemes in the future, including eribulin mesylate injection and budesonide suspension for inhalation.

NRDL

The NRDL forms the basis for medical insurance coverage and reimbursement standards under China's basic medical insurance, work-related injury insurance and maternity insurance programs. NRDL inclusion significantly influences market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing levels. The NHSA, in conjunction with other relevant government authorities, maintains authority over NRDL composition and updates the list through rigorous evaluation processes that assess clinical necessity, cost-effectiveness and budgetary impact. Products undergo comprehensive evaluation based on established selection criteria including clinical efficacy, safety profiles, therapeutic value compared to existing alternatives, and economic considerations.

As of December 31, 2025, nine of our marketed finished drug products were included in the NRDL, including our major marketed products micafungin sodium injection, oseltamivir phosphate (capsule and powder for oral suspension) and eribulin mesylate injection. See also "— Our Product Portfolio." All these products are generic drugs and are generally administered under the NRDL by reference to their generic names, and are not required to undergo national medical insurance negotiation or bidding for NRDL inclusion. Unlike negotiated drugs, these products are not subject to a product-specific agreement period or separate renewal arrangements, but remain subject to the then-effective NRDL, its subsequent adjustments and local implementation requirements. Revenue recognized from sales of the relevant products following their NRDL inclusion amounted to RMB118.9 million, RMB144.3 million and RMB160.8 million in 2023, 2024 and 2025, respectively, representing 10.2%, 11.5% and 13.4% of our total revenue for the corresponding years. NRDL inclusion represents both an opportunity for enhanced market access and a commitment to pricing frameworks that support broad patient accessibility within China's healthcare insurance system. While NRDL inclusion provides substantial market advantages through enhanced patient accessibility and reduced out-of-pocket costs, it may also result in price adjustments through negotiated pricing mechanisms designed to balance patient access with healthcare system sustainability.

For further details on the risks associated with the VBP scheme and other pricing regulations in China, as well as the NRDL and other government-sponsored medical insurance programs, see "Risk Factors — Risks Relating to Our Business and Industry."

Specifically, as of the Latest Practicable Date, all of our major finished drug products, except for eribulin mesylate injection, had been included in national VBP schemes. The pricing of these products is therefore generally determined by the applicable VBP bid prices and procurement rules, and our pricing flexibility is limited accordingly. Our pricing approach for these products focuses primarily on bid competitiveness, manufacturing efficiency, supply reliability and quality assurance. Eribulin mesylate injection had been included in the NRDL but not in any national VBP scheme as of the Latest Practicable Date. Its pricing is therefore not subject to VBP tender pricing, but is instead determined with reference to the reimbursement environment, patient affordability, hospital access and the prices of originator and competing products.

Our innovative drug candidates are currently focused on metabolic and respiratory diseases and remain pre-commercial. Innovative drugs in China are generally not priced through the VBP schemes at launch. Accordingly, pricing of these candidates upon commercialization is expected to be determined primarily by clinical value, therapeutic differentiation, target patient population, prices of competing products and reimbursement and negotiation outcomes.

For our generic drug candidates currently under development, which primarily comprise high-barrier products including complex inhalation formulations, pricing upon commercialization will depend materially on whether the relevant product category becomes subject to VBP schemes.

Where VBP schemes apply, pricing is expected to be constrained by the relevant procurement rules and competitive bidding dynamics. Where it does not — for instance, due to the technical complexity of the formulation or delivery device — pricing is expected to be set primarily with reference to reimbursement environment, originator or competing product prices and barriers to entry.

Pricing of APIs and Intermediates

For our APIs/intermediates products, which are current sold in over 40 countries and regions worldwide, our pricing strategies are tailored to each market's competitive landscape and regularly reviewed to maintain optimal positioning.

Governments generally do not impose pricing regulations on APIs/intermediates, as these products are not directly applied to patients and are not covered by public medical insurance. We sell our APIs/intermediates to our customers at the prices set in the supply agreements, which generally take into consideration of the market price, our cost of sales, our target profit margin and the purchase amount. We primarily conduct sales with our customers through individual purchase orders, with prices determined based on prevailing market conditions and subject to adjustment as appropriate.

Furthermore, the implementation of pricing regulations such as VBP may create pricing pressures for downstream generic drug manufacturers, particularly for products already facing intense competition. These cost pressures may extend upstream to API and intermediate suppliers, potentially leading to price adjustments throughout the supply chain. See also "Risk Factors — Risks Relating to Our Business and Industry — Pricing regulations or other policies such as volume-based procurement that are intended to reduce healthcare costs could subject us to pricing and volume pressures and adversely affect our operations, revenue and profitability."

PRODUCT RETURNS AND WARRANTIES

We have established a comprehensive internal control system to minimize the risks related to drug quality and safety to the greatest extent possible. For details about our post-marketing surveillance system, see "— Quality Management — Post-marketing Surveillance." During the Track Record Period and up to the Latest Practicable Date, we did not have any product recall due to quality issues.

We generally do not accept any product returns and exchanges, except for product defects. Our return and exchange procedures are managed by the respective business divisions with support from our finance department, quality management personnel, and warehouse operations. The return process is initiated through a formal return request submitted by the business manager of the relevant division. Following approval from the division head and our finance department, the business manager coordinates return logistics with our customers. Upon receipt, our warehouse personnel conduct initial inspection of returned goods, followed by comprehensive quality inspection and final review by our quality control personnel. For products determined to be defective due to manufacturing issues, we assume full responsibility for associated return and replacement costs. For details on our return policy with our distributors, see "— Sales and Marketing — Sales — Distributors — Distributor Management."

We maintain robust procedures for collecting, analyzing, and responding to customer feedback and addressing quality-related concerns. Our sales and marketing team coordinates investigation and resolution of customer complaints to ensure appropriate follow-up and satisfactory resolution of identified issues. We have implemented detailed procedures for handling quality complaints and managing any adverse reactions reported in connection with our products, timely communicating with relevant parties to implement appropriate corrective measures when necessary.

During the Track Record Period and up to the Latest Practicable Date, the financial impact of product returns on our overall business operations was minimal and we did not experience any material customer complaints, product liability claims, or other disputes arising from alleged product quality defects or safety issues.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of pharmaceutical companies who purchase APIs and intermediates from us, as well as our distributors. For the years ended December 31, 2023, 2024 and 2025, revenue from our five largest customers for each year amounted to RMB322.3 million, RMB451.6 million, and RMB329.9 million, respectively, accounting for 27.7%, 36.0% and 27.6% of our total revenue for the respective years, respectively, and revenue from our largest customer for each year amounted to RMB82.9 million, RMB130.9 million, and RMB94.9 million, respectively, accounting for 7.1%, 10.4% and 7.9% of our total revenue for the respective years. The following table sets forth details of our five largest customers for each year during the Track Record Period:

Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
For the year ended December 31, 2025						
Customer A[1]	A private company headquartered in Switzerland, primarily engaged in provision of APIs, finished dosage forms and technical services, with more than 130 employees	APIs and intermediates	2013	30 days	94,918	7.9%
Customer B[2]	A private company headquartered in the United States, primarily engaged in provision of APIs, finished dosage forms and technical services	APIs and intermediates	2015	45 days	79,314	6.6%
Customer C	A private company headquartered in Spain, primarily engaged in provision of APIs, finished dosage forms, and technical services, with more than 450 employees	APIs and intermediates	2015	90 days	57,007	4.8%
Customer D	A private company headquartered in Jiangsu, China, primarily engaged in the research and development, production, sales and promotion of dermatological drugs, functional skincare products and nephrological drugs, with a registered capital of RMB138.2 million and more than 350 employees	APIs and intermediates	2023	30 days	49,919	4.2%
Customer E	A private company headquartered in Spain, primarily engaged in provision of APIs, finished dosage forms, and technical services, with more than 800 employees	APIs and intermediates	2020	60 days	48,696	4.1%
Total					**329,854**	**27.6%**
For the year ended December 31, 2024						
Customer B[2]	A private company headquartered in the United States, primarily engaged in provision of APIs, finished dosage forms and technical services	APIs and intermediates	2015	45 days	130,875	10.4%
Customer A[1]	A private company headquartered in Switzerland, primarily engaged in provision of APIs, finished dosage forms and technical services, with more than 130 employees	APIs and intermediates	2013	30 days	117,670	9.4%
Customer C	A private company headquartered in Spain, primarily engaged in provision of APIs, finished dosage forms, and technical services, with more than 450 employees	APIs and intermediates	2015	90 days	81,664	6.5%
Customer F[3]	A private company headquartered in Dalian, Liaoning, China, together with its affiliated companies, primarily engaged in the research and development of new and generic drugs, herbal and chemical raw materials, and the import and export of pharmaceutical intermediates, with a registered capital of over RMB6.2 million and more than 30 employees	APIs and intermediates	2016	45 days	62,154	5.0%
Customer G	A private company headquartered in the United States, primarily engaged in provision of APIs and CDMO services	APIs and intermediates	2019	60 days	59,265	4.7%
Total					**451,628**	**36.0%**

Customer	Background	Products Provided	Commencement of Business Relationship	Credit Terms	Revenue Contribution (RMB in thousands)	% of Total Revenue
For the year ended December 31, 2023						
Customer H . . .	A public company listed on the Shanghai Stock Exchange and headquartered in Zhejiang, primarily engaged in R&D, manufacturing and sales of pharmaceutical products, with a registered capital of over RMB1.5 billion and more than 9,000 employees	APIs and intermediates	2013	60 days	82,892	7.1%
Customer A[(1)] .	A private company headquartered in Switzerland, primarily engaged in provision of APIs, finished dosage forms, and technical services, with more than 130 employees	APIs and intermediates	2013	30 days	75,271	6.5%
Customer C . . .	A private company headquartered in Spain, primarily engaged in provision of APIs, finished dosage forms and technical services, with more than 450 employees	APIs and intermediates	2015	90 days	61,806	5.3%
Customer F[(3)]. .	A private company headquartered in Dalian, Liaoning, China, together with its affiliated companies, primarily engaged in the research and development of new and generic drugs, herbal and chemical raw materials, and the import and export of pharmaceutical intermediates, with a registered capital of over RMB6.2 million and more than 30 employees	APIs and intermediates	2016	45 days	59,115	5.1%
Customer I . . .	A public company listed on the Shanghai Stock Exchange and headquartered in Jiangsu, primarily engaged in R&D, manufacturing and sales of pharmaceutical products, with a registered capital of over RMB1.6 billion and more than 1,300 employees	APIs and intermediates	2018	45 days	43,189	3.7%
Total					**322,273**	**27.7%**

Notes:

(1) Customer A, one of our five largest customers in 2023, 2024 and 2025, was also our supplier in 2024. Revenue from sales to Customer A accounted for 6.5%, 9.4% and 7.9% of our total revenue in 2023, 2024 and 2025. Our purchase from Customer A was RMB2.7 million in 2024, representing 0.4% of our total purchases in 2024. In 2023, 2024 and 2025, gross profit derived from our sales to Customer A amounted to RMB31.9 million, RMB95.0 million and RMB56.0 million, representing 4.9%, 12.9% and 8.6% of our total gross profit for the same year.

(2) Customer B, one of our five largest customers in 2024 and 2025, was also our supplier in 2023. Revenue from sales to Customer B accounted for 10.4% of our total revenue in 2024. Our purchase from Customer B was RMB80 thousand in 2023, representing less than 0.1% of our total purchases in 2023. In 2023, 2024 and 2025, gross profit derived from our sales to Customer B amounted to RMB61.0 million, RMB95.0 million and RMB76.9 million, representing 9.3%, 12.9% and 11.8% of our total gross profit for the same year.

(3) Customer F, one of our five largest customers in 2023 and 2024, was also our supplier in 2023, 2024 and 2025. Revenue from sales to Customer F accounted for 5.1% and 5.0% of our total revenue in 2023 and 2024, respectively. Our purchase from Customer F was RMB4 thousand, RMB0.3 million and RMB0.3 million in 2023, 2024 and 2025, respectively, representing less than 0.1% of our total purchases for the respective years. In 2023, 2024 and 2025, gross profit derived from our sales to Customer F amounted to RMB12.5 million, RMB30.4 million and RMB29.6 million, representing 2.0%, 4.1% and 4.5% of our total gross profit for the same year.

To the best of our knowledge, (i) all of our five largest customers for each year during the Track Record Period were Independent Third Parties; and (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest customers for each year during the Track Record Period.

OUR SUPPLIERS

During the Track Record Period, our suppliers primarily consisted of suppliers of raw materials and CRO services. We implement a strict procurement and supplier management system with comprehensive controls covering the entire procurement lifecycle. For details, see "— Quality Management — Supply Chain Quality Control."

For the years ended December 31, 2023, 2024 and 2025, our purchases from our five largest suppliers for each year amounted to RMB193.4 million, RMB161.0 million, and RMB383.5 million, respectively, accounting for 27.3%, 23.2% and 39.2% of our total purchases for the respective years, and our purchases from our largest supplier for each year amounted to RMB89.0 million, RMB43.9 million, and RMB268.4 million, respectively, accounting for 12.6%, 6.3% and 27.5% of our total purchases for the respective years. The increase in purchases from our largest supplier in 2025 was mainly attributable to higher spending on clinical trial activities for BGM0504 as compared with earlier years.

The following table sets forth details of our five largest suppliers for each year during the Track Record Period:

Supplier	Background	Products/Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
For the year ended December 31, 2025						
Supplier A[(1)(2)]	A public company listed on the Shanghai Stock Exchange and headquartered in Beijing, primarily engaged in the provision of CDMO services and technical development, with a registered capital of RMB112.0 million and over 1,300 employees	CRO services	2020	10 to 20 days	268,402	27.5%
Supplier B[(3)]	A private company headquartered in Chongqing, China, primarily engaged in provision of APIs, intermediates and biotechnology services, with a registered capital of over RMB287.0 million and more than 540 employees	Raw materials	2016	30 days	38,338	3.9%
Supplier C	A public company listed on the Shanghai Stock Exchange and the Stock Exchange, headquartered in Jiangsu, primarily engaged in provision of pharmaceutical R&D services, with a registered capital of over RMB2.9 billion and more than 33,800 employees	CRO services	2015	15 days	31,193	3.2%
Supplier D	A private company headquartered in the U.S., primarily engaged in provision of professional analytic and diagnostic services for the medical profession	CRO services	2024	30 days	26,562	2.7%
Supplier E	A private company headquartered in Nantong, Jiangsu, China, primarily engaged in the development of APIs and intermediates, with a registered capital of over RMB12.9 million and more than 60 employees	Raw materials	2016	45 days	18,991	1.9%
Total					**383,486**	**39.2%**

Supplier	Background	Products/Services Purchased	Commencement of Business Relationship	Credit Terms	Purchase Amount (RMB in thousands)	% of Total Purchase
For the year ended December 31, 2024						
Supplier A[(1)(2)]	A public company listed on the Shanghai Stock Exchange and headquartered in Beijing, primarily engaged in the provision of CDMO services and technical development, with a registered capital of RMB112.0 million and over 1,300 employees	CRO services	2020	10 to 20 days	43,863	6.3%
Supplier F[(4)]	A private company headquartered in Nanjing, Jiangsu, China, primarily engaged in pharmaceutical manufacturing and technical development, with a registered capital of RMB3.0 million and over 25 employees	Raw materials	2020	30 days	36,746	5.3%
Supplier G	A private company headquartered in Tianjin, China, primarily engaged in pharmaceutical manufacturing and technical development, with a registered capital of RMB0.8 million	Raw materials	2015	60 days	36,083	5.2%
Supplier B[(3)]	A private company headquartered in Chongqing, China, primarily engaged in provision of APIs, intermediates, and biotechnology services, with a registered capital of over RMB287.0 million and more than 540 employees	Raw materials	2016	30 days	24,204	3.5%
Supplier E	A private company headquartered in Nantong, Jiangsu, China, primarily engaged in the development of APIs and intermediates, with a registered capital of over RMB12.9 million and more than 60 employees	Raw materials	2016	45 days	20,097	2.9%
Total					**160,993**	**23.2%**
For the year ended December 31, 2023						
Supplier H	A private company headquartered in Suzhou, Jiangsu, China, primarily engaged in provision of technical services, with a registered capital of RMB8.0 million	Raw materials	2022	30 days	88,951	12.6%
Supplier A[(1)(2)]	A public company listed on the Shanghai Stock Exchange and headquartered in Beijing, primarily engaged in the provision of CDMO services and technical development, with a registered capital of RMB112.0 million and over 1,300 employees	CRO services	2020	10 to 20 days	32,070	4.5%
Supplier G	A private company headquartered in Tianjin, China, primarily engaged in pharmaceutical manufacturing and technical development, with a registered capital of RMB0.8 million	Raw materials	2015	60 days	31,982	4.5%
Supplier B[(3)]	A private company headquartered in Chongqing, China, primarily engaged in provision of APIs, intermediates and biotechnology services, with a registered capital of over RMB287.0 million and more than 540 employees	Raw materials	2016	30 days	22,850	3.2%
Supplier F[(4)]	A private company headquartered in Nanjing, Jiangsu, China, primarily engaged in pharmaceutical manufacturing and technical development, with a registered capital of RMB3.0 million and over 25 employees	Raw materials	2020	30 days	17,521	2.5%
Total					**193,374**	**27.3%**

Notes:

(1) The increase in purchases from Supplier A in 2025 was mainly attributable to the concurrent advancement of multiple clinical studies for BGM0504 and other R&D projects, which resulted in higher milestone-based service fees and clinical trial expenditures such as subject costs and site fees incurred within the period. For clarity, Supplier A provided site management, patient enrollment, data management and other ancillary services, and did not act as a co-developer of BGM0504. Under our agreements with Supplier A, all intellectual property and data generated from the clinical studies are owned exclusively by us. In addition to our CRO management measures, we contractually require Supplier A to adhere to prevailing PRC regulatory requirements and engage independent third parties for quality oversight. Having considered the substitutable nature of CRO services, the availability of qualified alternative providers, and the stage-specific nature of the elevated procurement concentration, our Directors are of the view that we do not have material reliance on Supplier A.

(2) Supplier A, one of our five largest suppliers in 2023, 2024 and 2025, was also our customer in the respective years. Purchase from Supplier A accounted for 4.5%, 6.3% and 27.5% of our total purchase in 2023, 2024 and 2025, respectively. Revenue from Supplier A was RMB0.2 million, RMB9.9 million and RMB0.1 million in 2023, 2024 and 2025, respectively, representing less than 0.1%, 0.8% and less than 0.1% of our total revenues for the respective years. During the Track Record Period, gross profit derived from our sales to Supplier A amounted to RMB18 thousand, RMB8.2 million and RMB0.1 million, representing less than 0.1%, 1.1% and less than 0.1% of our total gross profit for the same year.

(3) Supplier B, one of our five largest suppliers in 2023, 2024 and 2025, was also our customer in 2024. Purchase from Supplier B accounted for 3.2%, 3.5% and 3.9% of our total purchase in 2023, 2024 and 2025, respectively. Revenue from Supplier B was RMB5 thousand in 2024, representing less than 0.1% of our total revenue in 2024. In 2024, gross profit derived from our sales to Supplier B amounted to RMB5 thousand, representing less than 0.1% of our total gross profit for the same year.

(4) Supplier F, one of our five largest suppliers in 2023 and 2024, was also our customer in 2024. Purchase from Supplier F accounted for 2.5% and 5.3% of our total purchase in 2023 and 2024, respectively. Revenue from Supplier F was RMB0.2 million in 2024, representing less than 0.1% of our total revenue in 2024. In 2024, gross profit derived from our sales to Supplier F amounted to RMB0.2 million, representing less than 0.1% of our total gross profit for the same year.

To the best of our knowledge, (i) all of our five largest suppliers for each year during the Track Record Period were Independent Third Parties; (ii) none of our Directors, their respective associates or any shareholder who owned more than 5% of our issued share capital of our Company as of the Latest Practicable Date, had any interest in any of our five largest suppliers for each year during the Track Record Period.

OVERLAPPING OF OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, certain of our five largest suppliers during each year were also our customers, and certain of our five largest customers during each year were also our suppliers. For these overlapping customers and suppliers, we primarily provided them with APIs and intermediates, and the products and services we procured from them mainly included intermediates, pharmaceutical reference materials, consulting services, and related processing services. The overlap primarily arose from the characteristics of the pharmaceutical industry and our business model. This dual relationship reflected mutually beneficial commercial arrangements and supply chain efficiencies that are common in the pharmaceutical industry, particularly among companies engaged in the provision of both finished drug products and APIs/intermediates.

According to CIC, it is common in the pharmaceutical industry for a company's suppliers to also be its customers and vice versa, given the diversified nature of pharmaceutical businesses, which typically span R&D, manufacturing, and commercial operations, and the degree of overlap between our customers and suppliers is consistent with industry norms.

Negotiations of the terms of our sales to and purchases from these overlapping customers and suppliers were conducted on an individual basis and the sales and purchases were neither inter-connected nor inter-conditional with each other. Our Directors confirmed that all of our sales to and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm's-length basis. Save as disclosed above, to the best of our knowledge, none of our five largest suppliers during each year or period of the Track Record Period was a customer of us, and none of our five largest customers during each year or period of the Track Record Period was a supplier of us.

IMPACT OF COVID-19

During the Track Record Period and up to the Latest Practicable Date, COVID-19 had not had material adverse impact on our business operations or financial performance, and we did not experience any major delay or disruption to our operations during the same period. Furthermore, the production or delivery schedules of our suppliers did not encounter any material delays or disruptions caused by COVID-19, and the R&D progress of our drug candidates was not materially impacted by COVID-19. While COVID-19 had posed certain operational challenges, including temporary disruptions to logistics, supply chain and employee attendance, it did not result in any material delay or disruption to our overall operations, especially in light of the mitigation measures we implemented. As COVID-19's global impact continued to lessen, our Directors do not expect COVID-19 to have a material adverse impact on our business going forward. See also "Risk Factors — Risks Relating to Our Operations — We may be subject to natural disasters, health epidemics, acts of war or terrorism or other factors beyond our control."

INTELLECTUAL PROPERTY

We are committed to the development and protection of our intellectual properties. Our future success depends significantly on our ability to obtain and maintain robust patent coverage, as well as other forms of intellectual property rights, for the key technologies, inventions, and know-how underlying our product portfolio and technology platforms. Equally important is our ability to defend and enforce these intellectual property rights, preserve the confidentiality of our trade secrets, and ensure our freedom to operate without infringing upon, misappropriating, or otherwise violating the valid intellectual property rights held by third parties.

We have a global portfolio of patents to protect our product portfolio and technologies. As of December 31, 2025, we owned (i) 298 issued patents, including 218 in China, 12 in the U.S., and 68 in other jurisdictions, and (ii) 201 patent applications, including 151 in China, seven in the U.S., three in Europe, 14 under the Patent Cooperation Treaty (PCT) filed in China, and 26 in other jurisdictions. The following table summarizes the details of the granted patents and patent applications for marketed products and product candidates that are material to our business operations. For details, see "Appendix VII — Statutory and General Information — B. Further Information About our Business — Intellectual Property Rights — Patents."

Related Product	Scope of Patent Protection	Category	Registration No./ Application No.	Jurisdiction	Patent Holders/Applicants	Expiration Date[1]
BGM0504	BGM0504 Compound	Invention	CN115124602B/ 202210294984.3	China	The Company; BrightGene Pharmaceutical	March 23, 2042
BGM0504	BGM0504 Compound	Invention	US12215133B2/ 18/540,219	United States	The Company; BrightGene Pharmaceutical	March 23, 2042
BGM0504	BGM0504 Compound	Invention	ZA202309366B/ 2023/09366	South Africa	The Company; BrightGene Pharmaceutical	March 23, 2042
Fondaparinux Sodium	Preparation Method	Invention	CN104418924B/ CN201310380690.3	China	The Company; Taixing BrightGene	August 28, 2033
Eribulin	Preparation Method	Invention	CN111689982B/ CN201910197071.8	China	The Company	March 15, 2039
Oseltamivir Phosphate	Preparation Method	Invention	CN109574869B/ CN201811643134.X	China	The Company	December 29, 2038
Caspofungin	Preparation Method	Invention	CN106755224B/ CN201710048169.8	China	The Company; BrightGene Pharmaceutical	January 20, 2037
Posaconazole	Preparation Method	Invention	CN105622591B/ CN201410616727.2	China	The Company; BrightGene Pharmaceutical	November 6, 2034
Argatroban	Preparation Method	Invention	CN102329371B/ CN201110281988.X	China	The Company; BrightGene Pharmaceutical	August 6, 2027
Atomization assembly, container assembly and nasal spray device	Drug delivery device	Invention	CN119633213B/ CN202510075501.4	China	Atmen Pharmaceutical	January 17, 2045
Elastic protective member, nozzle assembly and atomizing device	Drug delivery device	Invention	CN119548717B/ CN202410729370.2	China	Atsenbo Pharmaceutical	June 6, 2044
Bag-valve assembly for metered atomization device and metered atomization device	Drug delivery device	Invention	CN116115868B/ CN202310333860.6	China	Atmen Pharmaceutical	March 31, 2043

Related Product	Scope of Patent Protection	Category	Registration No./ Application No.	Jurisdiction	Patent Holders/Applicants	Expiration Date[1]
Metered atomization device	Drug delivery device	Invention	CN116328111B/ CN202310333545.3	China	Atmen Pharmaceutical	March 31, 2043
Nasal-to-brain product	Drug delivery device	Invention	CN113616886B/ CN202110954143.6	China	Atsenbo Pharmaceutical	August 19, 2041

Note:

(1) Patent expiration does not include any applicable patent term extensions.

As of December 31, 2025, we had 152 registered trademarks including 146 in China and six registered trademarks in other jurisdictions, and filed 14 trademark applications in China. As of the same date, we were also the registered owner of nine domain names.

Beyond our standard employment agreement, we enter into additional confidentiality agreements with all our R&D personnel, which provide that all relevant intellectual property rights developed by them during their employment with us should become our intellectual property and are treated as trade secrets. We also follow specific procedures, such as patent searches, to minimize the risk of infringing on the intellectual property rights of others. In 2025, we engaged (i) PRC IP counsel to conduct freedom-to-operate searches and analyses ("**FTO Analysis**") in China on BGM0504 and BGM1812, and (ii) U.S. IP counsel to conduct FTO Analysis in the United States on BGM0504. Our Directors confirm that no substantial risk of infringement had been identified from the FTO Analysis in relation to BGM0504 and BGM1812.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any proceedings involving claims of infringement of intellectual property rights which may have a material adverse effect on our business, financial condition and results of operations. See also "Risk Factors — Risks Relating to Intellectual Property Rights — 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."

COMPETITION

The pharmaceutical and biopharmaceutical industries are characterized by rapidly advancing technologies, competition, and a strong emphasis on proprietary drugs. We operate in a highly competitive environment, facing companies engaged in the development, manufacturing and commercialization of APIs, intermediates, generic products and innovative drugs across multiple therapeutic areas. Competition arises from various aspects including technology and manufacturing capabilities, product quality and reliability, R&D strength, pricing, and market reach.

We believe our competitiveness is supported by our diversified business model bridging advanced API production, complex formulation development and innovation-driven research, underpinned by integrated R&D and manufacturing platforms, global-standard quality management and an expanding commercialization network. These capabilities allow us to provide differentiated, high-quality pharmaceutical solutions to partners and patients worldwide.

Our sustained competitiveness will depend on maintaining technological leadership in complex API and formulation technologies, continuing to enhance our R&D and manufacturing efficiency, deepening commercialization in both domestic and overseas markets, and cultivating high-caliber scientific and managerial teams to support our long-term growth and global development. For details of the market landscape and the competition we face, see "Industry Overview."

EMPLOYEES

As of December 31, 2025, we had 1,196 full-time employees, the majority of whom were based in China. The following table sets forth the number of our employees by function as of December 31, 2025.

Function	Number of Employees	Percentage
Research and development	273	22.8%
Manufacturing	805	67.3%
Sales and marketing	37	3.1%
Finance	26	2.2%
General and administrative	55	4.6%
Total	**1,196**	**100.0%**

We recruit our employees primarily through online recruitment, campus recruitment, and headhunter referral. We conduct new employee training, as well as tailored training programs for employees in different positions in accordance with our internal policy and procedures.

We enter into employment agreements with our employees that cover matters such as compensation, benefits, intellectual property assignment clause and grounds for termination. The remuneration package of our employees primarily includes salary, bonus and share-based compensation, which are generally determined by their qualifications, industry experience, performance review, and seniority. We also enter into standard confidentiality and non-competition agreements with our employees.

We have established a labor union. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material labor disputes or strikes that may had a material and adverse effect on our business, financial condition, or results of operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

ESG Governance

ESG Governance Framework

We integrate the principles of sustainable development deeply into our corporate strategy and business operations. We have established a three-tier ESG governance framework — decision-making, management, and execution — to ensure that ESG responsibilities are clearly defined and effectively implemented across the organization.

- **Decision-making level**: Our Board of Directors, as the highest decision-making body for ESG matters, is responsible for determining our sustainability strategy and objectives, approving and overseeing ESG-related initiatives, and strengthening our Board's supervision of ESG performance to promote effective implementation.
- **Management level**: Led by our Strategic Committee, this level is responsible for providing direction on our ESG management and coordination. It reviews ESG reports, offers guidance on the formulation and execution of sustainability and ESG management plans, and ensures effective communication and engagement with stakeholders on ESG issues.
- **Executive level**: The ESG Working Group, formed by the heads of various functional departments and subsidiaries, supports management in executing daily ESG initiatives and integrating ESG practices into operational processes. This cross-departmental team ensures that ESG objectives are embedded in routine business execution.

Stakeholder Communication and ESG Risk Assessment and Identification

We attach great importance to maintaining open and transparent communication with our stakeholders. Our key internal and external stakeholders include [REDACTED], governmental and regulatory authorities, customers, suppliers and industry partners, employees, the community, the media and the public. Through multiple communication channels, we actively identify stakeholders' expectations and concerns, promptly address their feedback, and work collaboratively with relevant parties to create shared economic, social and environmental value.

In accordance with regulatory requirements, industry standards and stakeholder priorities, we identify, evaluate and categorize our key ESG issues to ensure that management resources are directed to the most material topics. The significant ESG issues identified by us are summarised below:

Category	Material Topics
Environmental	Addressing climate change; pollutant emissions; waste management; environmental compliance management; energy utilisation; hazardous chemicals management
Social	Product quality and safety; customer service; responsible marketing; access to healthcare; innovation; intellectual property management; scientific ethics; supply chain security; employee rights; occupational health and safety; employee training and development; data security and privacy protection; digital transformation
Governance	Corporate governance; business ethics and anti-corruption; anti-unfair competition; compliance operations; investor rights protection

Management Measures for ESG Issues

Climate Change

Identification and Assessment of Climate-related Risks and Opportunities

As the impacts of global climate change intensify, we face various climate-related challenges and opportunities inherent in the pharmaceutical industry. We integrate the assessment of climate risks and opportunities into our core management processes and have adopted a range of measures, including the promotion of clean production, energy-efficient equipment upgrades, digital plant construction, reduction in raw-material consumption, and utilisation of green power, to enhance our resilience and adaptability to climate change.

We evaluate physical and transition-related climate risks and seek to identify opportunities arising from the global transition to a low-carbon economy. Our conclusions on key climate-related risks and opportunities are summarised below.

Type	Sub-category	Description	Mitigation／Management Measures
Physical Risks	**Acute**	Pharmaceutical manufacturing sites may be exposed to flooding and extreme weather events, potentially damaging facilities, affecting raw materials and finished products, and causing operational disruptions.	Select new plant locations that avoid flood-prone areas. Incorporate waterproofing and flood-prevention features in facility design. Maintain contingency and emergency-materials reserves. Continuously monitor meteorological information and activate alerts for extreme weather events.
	Chronic	Long-term temperature increases and rising sea levels may affect operational efficiency and increase storage and transportation costs.	Use high-efficiency air-conditioning and cooling systems to monitor and optimise energy consumption. Enhance training on temperature control understanding for pharmaceutical storage and logistics personnel.
Transition Risks	**Policy Risk**	Stricter global carbon-emission regulations may increase capital expenditure on energy-saving and emission-reduction technologies.	Continuously monitor changes in environmental policies and emission-standards. Implement energy-saving and carbon-reduction projects in advance to meet new compliance requirements.
	Market Risk	Growing consumer environmental awareness increases demand for eco-friendly pharmaceuticals, prompting the need for cleaner production but also incurring higher costs.	Enhance cooperation with customers to ensure alignment with their sustainability requirements. Promote green procurement and enhance disclosure and traceability of environmental-management data.
	Technological Risk	Adoption of low-carbon production processes and clean energy technologies may require significant upfront investment.	Track technological developments within and outside the industry. Optimise energy structures and improve overall energy efficiency through intelligent and digital transformation.
	Reputational Risk	Weak ESG performance may negatively affect public perception, brand image, and investor confidence.	Proactively implement ESG governance initiatives and publish ESG reports. Conduct regular employee training on environmental protection to enhance corporate reputation.

Type	Sub-category	Description	Mitigation／Management Measures
Opportunities	**Policy Support**	Government incentives such as tax benefits and subsidies for green production may help reduce operating costs.	Improve operational efficiency and process standards to strengthen our low-carbon competitiveness.
	Market Opportunities	Climate change may increase the incidence of certain diseases, expanding market demand for climate-resilient pharmaceuticals.	Monitor disease trends linked to climate change and explore new product-development opportunities through collaboration with upstream and downstream partners.
	Resource Utilization	Optimising processes and improving energy efficiency can reduce operating costs.	Continue to refine energy management and resource-efficiency programmes to improve environmental performance and reputation.

Environmental Protection

Environmental Compliance

We strictly comply with the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), the *Air Pollution Prevention and Control Law* (《中華人民共和國大氣污染防治法》), the *Water Pollution Prevention and Control Law* (《中華人民共和國水污染防治法》) and the *Law on the Prevention and Control of Environmental Pollution by Solid Waste* (《中華人民共和國固體廢物污染環境防治法》). To ensure full regulatory compliance, we have established a comprehensive environmental management system that defines responsibilities and standardises environmental performance across all subsidiaries. Each subsidiary maintains detailed operational procedures within this overarching system, including the *Environmental Risk Assessment Report*, the *Environmental Protection Target Responsibility Framework*, and the *Environmental Management Regulations for Construction Projects*.

We identify and manage environmental risks based on applicable regulations, prepare environmental monitoring and management plans, and ensure lawful pollutant discharge and hazardous-waste disposal through well-defined control measures. The responsible department periodically reviews environmental risks within our facilities and implements targeted corrective actions to maintain compliant, controlled production. We also engage qualified third-party institutions to conduct regular environmental testing covering wastewater, exhaust gas, noise and surrounding environmental quality, ensuring that all discharges meet national standards.

To strengthen emergency preparedness, we have formulated internal policies such as the *Environmental Emergency Response Plan* and *Emergency Plan for Environmental Incidents in Manufacturing Plants* in accordance with the *Measures for the Administration of Emergency Response to Environmental Emergencies* (《突發環境事件應急管理辦法》). An Emergency Response Team for Environmental Incidents, led by our general manager, coordinates four specialised groups — emergency response, communication, evacuation and medical aid — to ensure a clear command structure.

We conduct periodic drills and training to reinforce our emergency response capabilities. Through environmental impact assessments, simultaneous design-construction-operation of pollution-control facilities, clean-production advancement, and continuous optimization of processes and equipment, we strengthen our compliance foundation and effectively mitigate environmental risks.

Energy Saving and Carbon Reduction

In accordance with the *Energy Law of the People's Republic of China* (《中華人民共和國能源法》) and other relevant laws, we continuously refine our energy-management policies to support green operations. Our main energy-saving and carbon-reduction initiatives include:

- **Material balance analysis**: We establish flow diagrams for key materials, energy and water usage, and perform systematic tracking and analysis to identify areas of inefficiency or resource loss.
- **Equipment upgrades**: At our Tongyuan Road site, we completed retrofits of exhaust hoods, centrifuge-tank covers, the instrument air-compressor system and purified-water system, achieving quantifiable energy savings.
- **Cooling equipment optimization**: We adjust cooling-unit operation based on production workload and schedule, improve coordination between chilled-water and cooling-tower systems, and phase out high-energy-consumption equipment.
- **Digital smart-plant management**: We advance the digitalization of production and building energy systems to achieve automated control, integrated data management and improved metering accuracy.

Water Resource Management

We comply with the *Water Law of the People's Republic of China* (《中華人民共和國水法》) and the *National Water Saving Action Plan* (《國家節水行動方案》) in all aspects of water usage. We have established standardised management procedures to eliminate leakage and seepage and to enhance water-use efficiency through technological improvement and process optimization. Our principal measures include:

- **Operational efficiency enhancement**: We have introduced water-recycling systems in selected workshops and recover steam condensate for circulating-water replenishment, significantly improving water reuse rates.
- **Cascading reuse**: Treated process water is reused for facility cleaning and landscaping to reduce fresh-water demand.

Packaging Material Management

We uphold the principle of green development in packaging. In compliance with the *Circular Economy Promotion Law of the People's Republic of China* (《中華人民共和國循環經濟促進法》), we collaborate with suppliers to explore environmentally friendly materials, optimize packaging specifications, and promote product-packaging transformation toward smaller, lighter, low-pollution and recyclable materials.

Emissions and Waste Management

We strictly comply with the *Integrated Wastewater Discharge Standard* (《污水綜合排放標準》) and the *Discharge standard of water pollutants for pharmaceutical industry — Bio-pharmaceutical category* (《生物工程類製藥工業水污染物排放標準》). Internally, we have established the *"Three Wastes" Management Framework*, *Exhaust-Gas Management Regulations*, *Hazardous-Waste Pollution-Prevention Measures*, and *Hazardous-Waste Management Procedures* to promote environmentally sound operations. Our target is to maintain a 100% compliance rate for

wastewater, exhaust-gas and waste-disposal requirements and to meet the Category III Area Noise Standard under the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348). Key management measures include:

- **Waste-Gas control**: Exhaust gases are pre-treated on rooftops and directed to regenerative thermal oxidisers (RTOs) for incineration. Halogen-containing emissions undergo resin-adsorption pre-treatment, while gases from hazardous-waste storage areas are treated by water scrubbing, alkaline neutralisation, and activated-carbon adsorption.
- **Wastewater management**: Industrial wastewater is treated through biochemical and reverse-osmosis processes before discharge to municipal plants. Part of the treated water is reused for irrigation. Domestic sewage is routed to the municipal network after internal treatment.
- **Waste segregation and disposal**: Non-hazardous waste is collected by third-party recycling companies, while hazardous waste is categorised, placed in dedicated on-site storage facilities, and subsequently transferred to licensed contractors for final disposal or reuse.

Environmental Indicators and Targets

Our principal environmental indicators[1] during the Track Record Period are summarized below.

Indicators	Unit	2023	2024	2025
Greenhouse Gas ("GHG") Emissions				
Scope 1 GHG emissions[2][5]	tCO_2e	840.85	1,309.55	760.03
Scope 2 GHG emissions[2]	tCO_2e	64,714.19	58,556.79[3]	57,564.70
Total GHG emissions (Scope 1 + Scope 2)	*tCO_2e*	*65,555.04*	*59,866.44*	*58,324.73*
GHG emission intensity (Scope 1 + Scope 2)	*tCO_2e/RMB million in revenue*	*55.58*	*46.68*	*47.66*
Scope 3 GHG emissions[4]	tCO_2e	33,755.28	30,089.46	32,116.81
Waste				
Hazardous waste[5]	tons	4,802.77	5,416.49	5.884.15
The Intensity of hazardous waste	tons/RMB million in revenue	4.07	4.22	4.81
Non-hazardous waste	tons	138.71	163.39	179.30
The intensity of non-hazardous waste	tons/RMB million in revenue	0.12	0.13	0.15
Energy Consumption				
Direct energy consumption				
Natural gas consumption	cubic meters	388,887.00	605,704.00	351,511.00
Indirect energy consumption				
Purchased electricity	10,000 kWh	7,721.64	7,600.24	7,924.05
Purchased heat	million kJ	187,978.92	184,017.26	141,088.10
Comprehensive energy consumption				
Comprehensive energy consumption	tons of standard coal	16,420.96	16,424.95	15,020.09
The intensity of comprehensive energy consumption	tons of standard coal/ RMB million in revenue	13.92	12.81	12.27
Exhaust Emissions				
Non-methane total hydrocarbon emissions	tons	0.79	4.53	2.35
Water Consumption				
Water consumption	tons	624,232.00	628,309.00	737,699.09
The intensity of water consumption	tons/RMB million in revenue	529.23	489.89	602.87
Wastewater Discharge				
Wastewater discharge	tons	185,632.69	227,900.90	211,708.20
The intensity of wastewater discharge	tons/RMB million in revenue	157.38	177.69	173.02

Notes:

(1) Environmental performance includes data on emissions and resource utilization in 2023, 2024 and 2025. Some data in 2023 and 2024 have been retrospectively adjusted due to the optimization of statistical scope and criteria.

(2) Scope 1 GHG emissions come from the direct combustion of natural gas. Scope 2 GHG emissions come from the consumption of purchased electricity and heat. The GHG emissions are calculated in accordance with *the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission, in which the electricity emission factor generated by purchased electricity is calculated using the national average electricity emission factor in the *"Announcement on Issuing Electricity Carbon Dioxide Emission Factors in 2022*" issued by the Ministry of Ecology and Environment in December 2024.

(3) In 2024, Taixing BrightGene, one of our subsidiaries, purchased 4,600 MWh of Renewable Energy Certificates (RECs) to offset Scope 2 GHG emissions generated by our Company.

(4) Scope 3 GHG emissions currently cover Category 1 (purchased goods and services) including external consulting and material and packaging procurement. We will gradually expand coverage to other categories to enhance disclosure completeness and transparency.

(5) The increase in Scope 1 emissions from 2023 to 2024 was mainly due to increased natural gas consumption associated with the commencement of operation of the regenerative thermal oxidizer at the Taixing manufacturing facility, which treats exhaust gases generated from production processes and requires additional fuel consumption. The increase in hazardous waste generated from 2023 to 2025 was generally attributable to the expansion of our production capacity.

Our environmental targets are summarized as below.

Item	Target
GHG emission	Intensity of GHG emissions is expected to decline by 3% by 2026 compared to 2024 level.
Energy use efficiency	Intensity of energy consumption is expected to decline from 2024 level.
Pollutant emission	100% compliance with standards for wastewater discharge, exhaust gas emissions and waste disposal.
Water consumption	Intensity of water consumption is expected to decline from 2024 level.

Our environmental targets were established by reference to our historical performance, expected business development and applicable industry practices. The principal assumptions and references are as follows:

- **Historical baseline and business plans:** Our targets are set against our 2024 baseline. We have taken into account our anticipated production capacity expansion. As our business continues to grow, our targets are primarily set on an intensity basis — covering GHG emission intensity, energy consumption intensity and water consumption intensity — together with a compliance-based target for pollutant emissions, which we consider more appropriate indicators of operational efficiency improvement during a period of business expansion.

- **Industry standards and peers:** Our target-setting process is also informed by recognized domestic and international frameworks, including ISO 14064, the GHG Protocol Corporate Accounting and Reporting Standard, and relevant PRC energy conservation and green manufacturing policies applicable to pharmaceutical manufacturers. We also reviewed the publicly disclosed environmental targets of selected industry peers with broadly comparable business profiles, including PRC-listed pharmaceutical companies with broadly similar production scale and product types, as part of our target-setting assessment.

- **Expected impact of operational measures:** We assessed the resource savings and emission reductions from our environmental protection measures as described under "— Environmental Protection" above, and are satisfied that the targets are operationally attainable.

The achievability of our environmental targets is supported by both the operational measures described under "— Environmental Protection" above and our internal control and monitoring arrangements. We have established internal procedures and monitoring indicators in relation to

energy use, water use, pollutant emissions and waste disposal, together with related data collection, reporting and verification procedures, and designated relevant departments to monitor implementation progress against internal targets and operating plans. Our EHS department is responsible for consolidating key environmental performance and compliance-related data and monitoring implementation progress. We also utilize a digitalized ESG information management system to support the collection and review of sustainability-related data. Under the system, relevant departments and operating units periodically submit qualitative and quantitative ESG-related information through a centralized platform, which is then consolidated and reviewed by designated personnel to support ESG reporting and related disclosures. Core environmental data are subject to periodic review and verification procedures to help ensure accuracy and traceability. Where deviations from planned progress or target pathways are identified, we implement corrective or improvement measures in a timely manner and update relevant implementation plans and management measures as appropriate. In addition, certain ESG-related performance indicators have been incorporated into the performance assessment of certain relevant departments and personnel. These measures support the ongoing monitoring and assessment of the achievability of our environmental targets.

Product Stewardship

R&D and Innovation

To strengthen the management of R&D projects, we have established frameworks such as the *R&D Project Management Policy* and the *Project Approval Implementation Specifications* to ensure both efficiency and quality throughout the life cycle of each R&D project. For details, see "— Research and Development" and "— Technology Platforms."

Quality Management

We comply with the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》), the *Pharmaceutical Administration Law* (《中華人民共和國藥品管理法》), and the *Good Manufacturing Practices for Pharmaceutical Products (2010 Revision)* (《藥品生產質量管理規範(2010年修訂)》), among other relevant standards. To ensure drug quality and safety, we have established internal documents such as the *Quality Risk Management Policy*, the *Post-Market Drug Risk Management Procedures*, and the *Drug Quality and Safety Risk Assessment Guideline*.

Our quality-management system aims to consistently manufacture products that meet their intended-use and registration requirements, strictly control product quality across the full life cycle, and safeguard patient safety. Key quality-assurance measures include:

- **Material quality management:** We implement a material management system encompassing supplier qualification, acceptance, inspection, and release to ensure all input materials comply with defined quality and registration standards.
- **Production process quality control**: We maintain a *Site Master File (SMF)* to standardise plant-wide quality management covering assurance, control, production, materials, facilities and equipment, and packaging systems. Continuous monitoring, batch inspection, and operational audits ensure manufacturing consistency.
- **Market release oversight**: No product is released before passing strict release audits. We verify the legitimacy of all purchasers, including qualification, business scope, and personnel identity, to ensure authenticity and compliance throughout the sales and distribution chain.

In addition, we conduct comprehensive quality self-inspection at least annually, covering quality systems, facilities and equipment, materials, production, packaging and labelling, and laboratory controls, to maintain continuous improvement and cGMP integrity. See also "— Quality Management."

Pharmacovigilance

To ensure post-marketing drug safety, we adhere to the *Drug Administration Law*, the *Implementing Regulations of the Drug Administration Law*, the *Measures for the Reporting and Monitoring of Adverse Drug Reactions*, and the *Good Pharmacovigilance Practice (GVP)* requirements. We have built a pharmacovigilance management system covering organisational structure, monitoring and reporting, risk identification and assessment, risk mitigation, and documentation control. Our dedicated pharmacovigilance team continuously enhances systems and procedures to guarantee timely detection, evaluation, and management of potential drug-safety risks. We regularly conduct internal training to improve employees' awareness and the professionalism of pharmacovigilance activities.

Protection of Subjects' Rights and Interests

In our clinical trials, we prioritize patient safety and privacy. All trials strictly adhere to the principles of Good Clinical Practice (GCP) under both domestic and international guidelines. We have established an independent ethics committee responsible for protocol review and continuous project oversight to ensure scientific validity and acceptable risk levels. Each participant is fully informed of the study's purpose and details prior to enrolment, provided with sufficient consideration time, and participates voluntarily with the right to withdraw at any stage. All personal data are anonymized using unique codes, with access limited to authorized research personnel. Any publicly disclosed study results exclude personally identifiable information, ensuring comprehensive protection of subjects' rights and privacy.

Compliant Marketing

All promotional activities comply with the *Consumer Rights and Interests Protection Law*, the *Advertising Law of the People's Republic of China*, and the *Administrative Measures for Medical Advertising*. We strictly prohibit false, misleading, or exaggerated promotions to ensure that all information provided to physicians and the public is truthful, accurate, and compliant with applicable laws and industry standards.

Supplier Management

We continuously enhance supplier management and have established policies such as the *Material Procurement Management Policy, Supplier Management Policy, Supplier Management System*, and *Engineering Equipment Bidding Management Policy*, to standardize and strengthen oversight throughout the supplier life cycle, including onboarding, evaluation, maintenance, and exit. These measures aim to build a stable and sustainable supply chain. Annual audits are conducted for key and critical suppliers, led by our quality department and jointly supported by the production, procurement, and engineering departments. The audits cover product quality, handling of non-conforming products, production operations, service performance, and implementation of corrective measures.

Anti-corruption

In strict compliance with the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), and the *Several Provisions on Anti-Unfair Competition in the Pharmaceutical Industry* (《製藥行業反不正當競爭若干規定》), we have adopted internal policies such as the *Interim Provisions on the Prohibition of Commercial Bribery*, the *Code of Conduct*, and the *Employee Handbook* to regulate employee behavior regarding corruption, bribery, unfair competition, and conflicts of interest, thereby fostering a culture of integrity and transparency.

We have also established a formal reporting and complaint mechanism to ensure timely identification and handling of violations. Regular anti-bribery training is provided to all employees to enhance awareness of ethical conduct, and every employee is required to sign an Integrity

Commitment to reaffirm adherence to professional ethics and integrity. We strictly monitor the anti-corruption performance of our business partners, routinely review their compliance records, and organize supplier communication sessions and integrity training to promote ethical awareness.

Information Security and Privacy Protection

We place great emphasis on information security and privacy protection. We strictly comply with the *Cybersecurity Law of the People's Republic of China* (《中華人民共和國網絡安全法》) and other applicable data-protection regulations, and have established internal procedures such as the Information Security Incident Management Procedure to ensure the stable operation of our information systems and to effectively mitigate security risks. In addition, an ISO information security team has been established to oversee and implement data protection measures.

We actively manage data-security and privacy risks by identifying potential threats and responding to incidents according to defined risk levels. We continuously pursue information security management system certifications and expand the scope of data-security compliance coverage. Through regular training and awareness programs, we strengthen employees' understanding of information security and risk prevention.

Intellectual Property Protection

We strictly comply with the *Enterprise Intellectual Property Management Regulations* (《企業智慧財產權管理規範》) and attach great importance to cultivating scientific and research talent. In accordance with the *GB/T29490 Enterprise Intellectual Property Management System* (《GB/T29490 企業智慧財產權管理體系》), we have developed the *Intellectual Property Management Manual*, the *Intellectual Property Award Management Measures* and other related frameworks to clearly define intellectual property objectives, employee responsibilities, and system operations across all levels. Key initiatives include:

- **Intellectual property risk management:** We have established a closed-loop process covering real-time infringement reporting, rapid investigation, and full documentation. Through proactive market monitoring, risk assessment, and early-warning mechanisms, potential disputes are identified and mitigated in advance.
- **Dispute resolution:** In the event of intellectual property infringement, we pursue administrative or judicial actions to protect our rights. A professional team determines the optimal response strategy based on the principle of maximizing corporate interests.
- **Global compliance:** In our international operations, we prioritize compliance, maintain a deep understanding of relevant market regulations, identify risks proactively, and prevent and control cross-border intellectual property exposures through customs protection and related mechanisms. We ensure compliance and security in technology exports and strengthen ongoing supervision.
- **Specialized training program:** We arrange for intellectual property professionals to participate in distance learning and training programs to study the latest laws, case studies, and rights-protection strategies, thereby enhancing overall professional capability.
- **Collaboration with external organizations:** We engage external partners to deliver specialized training on the PatSnap Global Patent Database (智慧芽資料庫) for our R&D personnel, further enhancing the relevance and security of technological innovation.

Compliant Employment

We uphold a people-oriented employment philosophy of "putting people first and sharing achievements." We strictly comply with the *Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合

同法》), and the *Provisions on the Prohibition of the Use of Child Labor* (《禁止使用童工規定》). We respect the *Universal Declaration of Human Rights* and implement internal systems such as the *Employee Handbook* to ensure equal employment opportunities.

A diverse interview panel is established to eliminate discrimination based on gender, ethnicity, age, religion, marital status, disability, or cultural background. We explicitly prohibit child labor and forced labor and encourage employees to promptly report any discriminatory behavior, with all reports handled confidentially. We attach particular importance to protecting the rights and interests of female employees and are committed to creating a safe, healthy, and equitable workplace.

We have adopted a performance- and results-oriented remuneration and appraisal framework designed to link compensation with performance and project complexity. A standardized salary-management system is implemented to ensure fairness, transparency, and legal compliance. By developing position-specific assessment indicators, we enhance the accuracy and effectiveness of performance evaluation, promoting mutual growth of both employees and the Company.

We offer comprehensive benefits in full compliance with statutory requirements, including social insurance, the housing provident fund, and paid leave. In addition, we provide a range of supplementary benefits such as daily allowances, health programs, condolence payments, additional vacation days, holiday incentives, overtime meal subsidies, seniority-based rewards, and annual company trips, all contributing to employees' sense of belonging and overall well-being.

Employee Training and Development

We place great emphasis on employee growth and career development. We have implemented internal management systems such as the *Training and Development Management Measures* and the *Qualification Certification and Promotion Management Regulations* to establish a comprehensive training mechanism covering online and offline learning from new-employee orientation to on-the-job professional training. Key programs include:

- **Internal instructor development:** We have established an internal lecturer management committee comprising managers, business experts, and senior lecturers. Incentive programs include lecturer certification, multi-dimensional evaluations, teaching-hour allowances, and annual performance reviews to build a high-quality internal instructor team.
- **BrightGene Academy digital learning platform:** Leveraging the BrightGene Academy online learning system, we provide structured training covering professional, general, and new-hire programs. This platform supports systematic talent development and enables long-term succession planning.
- **Position-specific training:** We design professional courses tailored to specific job functions and skill requirements, enabling employees to enhance expertise, work efficiency, and innovation capacity.

In addition, we have established a standardized and process-based promotion system built on professional qualifications, forming a Six-Level Dual-Channel career development model that integrates both management and technical advancement.

Occupational Health and Safety

We strictly comply with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), the *Work Safety Law of the People's Republic of China* (《中華人民共和國安全生產法》), and the *Regulations on Labor Security Supervision* (《勞動保障監察條例》). We have developed internal policies such as the *Occupational Health Management System*, the *Occupational Hazard Notification System*, the *Occupational Hazard*

Reporting System, the *Safety Objectives and Indicators Management System*, and the *Safety Production Responsibility System*, forming a standardized occupational health and safety management framework.

We identify workplace hazards, conduct risk assessments, and develop preventive and corrective measures. We also engage qualified third-party agencies to perform annual occupational-hazard assessments and implement rectification plans based on their findings. We strictly control hazardous chemicals through closed-loop management of classification, labeling, storage, and disposal. As of December 31, 2025, we have obtained *ISO 45001 Occupational Health and Safety Management System* certification.

To ensure employee health and safety, we provide annual physical examinations, supplementary medical insurance, and protective equipment. For employees exposed to occupational hazards, health examinations are conducted periodically, and results are confirmed with employee acknowledgment. We also conduct training on hazard identification, risk control, and traffic safety, and regularly organize drills for electric-shock and chemical-spill emergencies to strengthen preparedness. During the Track Record Period, there were no fatalities resulting from work-related incidents.

Social Welfare

We actively fulfill our social responsibilities and leverages our industry expertise under the mission "to provide patients with high-quality medicines, alleviate their financial burden, relieve their pain, bring hope to their lives, and contribute to society." We are committed to improving access to medicines through participation in China's centralized drug-procurement program, under which nine of our products have been included in the *National Drug Reimbursement List for Basic Medical Insurance, Work-Related Injury Insurance, and Maternity Insurance* (《基本醫療保險、工傷保險和生育保險藥品目錄》).

PROPERTIES

As of the Latest Practicable Date, we owned land use rights to 16 parcels of land in Jiangsu and Shandong Provinces, China, with a site area of approximately 159,600 square meters, on which we owned 24 buildings with an aggregate GFA of approximately 137,700 square meters. These properties are used as our existing and planned manufacturing facilities. See also "— Manufacturing — Manufacturing Facilities." We hold the valid title for these parcels of land and the relevant building ownership certificates.

According to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), we need to comply with the requirements of section 38(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which requires a valuation report with respect to part of our Group's interests in land or buildings, as we have property interest forms part of property activities that has a carrying amount of 1% or more of our total assets. The property valuation report produced by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an independent property valuer, set out in Appendix III to this document sets forth details of our selected property interests thereon as of March 31, 2026. JLL valued these property interests at an amount of approximately RMB72.0 million as of March 31, 2026. Save for the property interests disclosed in Appendix III to this document, the property interests not valued that form part of property activities have carrying amount below 1% of our total assets and total carrying amount of property interests not valued that form part of property activities is less than 10% of the Group's total assets as at the valuation date. No single property interest of our non-property activities has a carrying amount of 15% or more of our total assets.

Leased Properties

As of the Latest Practicable Date, we leased three major properties in Jiangsu Province and Chongqing, primarily for our R&D and manufacturing facilities and office use, with an aggregate GFA of approximately 33,000 square meters. Our leases generally have a term ranging from two to ten years. We assess the renewal of each lease individually at expiration, taking into account our business needs and the availability of alternative spaces.

According to applicable PRC administrative regulations, both the lessor and the lessee are required to file the lease agreement with the relevant government authorities within 30 days of its execution. As of the Latest Practicable Date, four lease agreements for our leased properties in China, each with a GFA of over 1,000 square meters, which are used for R&D, manufacturing and office purposes, had not been registered with the relevant PRC authorities, primarily because the relevant lessors were not able to cooperate in completing the filing procedures in a timely manner. Although failure to register does not in itself invalidate the leases, we may be subject to fines if we fail to rectify such non-compliance within the prescribed time frame after receiving notice from the relevant PRC government authorities. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease at the discretion of the relevant authority, and accordingly the maximum aggregate potential penalty for these leased properties would be RMB40,000, in respect of which no provision has been made given the insignificant amount involved. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of leases.

See also "Risk Factors — Risks Relating to Our Operations — Our leased properties may be subject to non-compliances or challenges that could potentially affect our future use of them."

INSURANCE

We maintain insurance policies as required by the applicable laws and regulations as well as based on our assessment of our operational needs and industry practice. Our insurance policies include clinical trial liability insurance covering trial subjects' personal injuries caused by adverse events, and the life science product liability insurance covering personal injuries or property damages caused by product defects or accidents. In line with industry practice, we have elected not to maintain certain types of insurances, such as business interruption insurance or key man insurance. We believe that our existing insurance coverage is adequate for our current operations and consistent with the industry practice. See also "Risk Factors — Risks Relating to Our Operations — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources."

We are also required to make contributions to the social insurance and housing provident funds in accordance with relevant PRC laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with social insurance and housing provident fund contribution requirements. Pursuant to the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid. For details, see "Regulatory Overview — Overview of Laws and Regulations in the PRC — Regulations in Relation to Employment and Social Securities." As advised by our PRC Legal Advisor, the aforementioned regulatory update is unlikely to have a material adverse impact on our business operations or financial position, considering that we have not entered into any agreement with, nor have any of our employees undertaken to waive, social insurance entitlements.

AWARDS AND RECOGNITION

The table below sets forth a summary of the key awards and recognitions we have received.

Year	Award/Recognition	Granting Authority
2016 . . .	First Prize of the Scientific and Technological Award of Chinese Pharmaceutical Association	Chinese Pharmaceutical Association
2022 . . .	Guangxi Science and Technology Award — Second Prize (Natural Science Award)	People's Government of Guangxi Zhuang Autonomous Region
2022 . . .	Jiangsu Province Specialized and Sophisticated Small and Medium-sized Enterprise	Jiangsu Provincial Department of Industry and Information Technology
2022 . . .	Leading Enterprise in Suzhou — Advanced Technology Research Institute	Suzhou Municipal People's Government
2022 . . .	National-Recognized Enterprise Technology Center	Suzhou Municipal People's Government
2023 . . .	First Prize of Suzhou Excellent Patent Award	Suzhou Municipal People's Government
2023 . . .	China Excellent Patent Award	National Intellectual Property Office
2024 . . .	Top 100 Private Innovative Enterprises in Suzhou (Ranked No.54)	Suzhou Federation of Industry and Commerce/Suzhou Bureau of Science and Technology
2025 . . .	Golden Bull Listed Company Sci-Tech Innovation Award (Biopharmaceuticals)	China Securities Journal
2025 . . .	Key Laboratory of Medical Device Innovation and Precision Medicine of Jiangsu Province	Jiangsu Provincial Department of Science and Technology
2025 . . .	Pharma Awards 2025 — Leading Enterprise of Pharma Internationalization Awards	CPHI China

LICENSES, PERMITS AND APPROVALS

We are subject to regular inspections, examinations and audits, and are required to maintain or renew the necessary permits, licenses and certifications for our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from the relevant government authorities that are material for our business operations. The table below sets forth the relevant details of the material licenses and permits we currently hold.

License/Permit/Certificate	Holder	Issuing Authority	Issue Date	Expiration Date
Chinese Mainland				
Drug Manufacturing License (藥品生產許可證)	The Company	Jiangsu Provincial Drug Administration	April 29, 2026	November 28, 2026
Drug Manufacturing License (藥品生產許可證)	BrightGene Pharmaceutical	Jiangsu Provincial Drug Administration	May 11, 2026	September 19, 2030
Drug Manufacturing License (藥品生產許可證)	Atmen Pharmaceutical	Jiangsu Provincial Drug Administration	April 7, 2025	November 28, 2026
Drug Manufacturing License (藥品生產許可證)	Chongqing Qiantai	Chongqing Municipal Drug Administration	January 14, 2026	March 19, 2030
Medical Device Production License (醫療器械生產許可證)	Atsenbo Pharmaceutical	Jiangsu Provincial Drug Administration	April 11, 2025	April 10, 2030

License/Permit/Certificate	Holder	Issuing Authority	Issue Date	Expiration Date
Fixed Pollution Source Discharge Permit (固定污染源排污登記證)	The Company	—	May 13, 2025	May 20, 2030
Fixed Pollution Source Discharge Permit (固定污染源排污登記證)	BrightGene Pharmaceutical	—	December 17, 2024	December 16, 2029
Fixed Pollution Source Discharge Permit (固定污染源排污登記證)	Chongqing Qiantai	—	July 29, 2025	July 28, 2030
Outside Chinese Mainland				
GMP certificate (Micafungin sodium)	BrightGene Pharmaceutical	Italy AIFA	October 31, 2025	April 29, 2028
GMP certificate (Micafungin sodium intermediate)	BrightGene Fine Chemical Co., Ltd.	Italy AIFA	October 31, 2025	April 25, 2028
GMP certificate (Ferric carboxymaltose)	BrightGene Fine Chemical Co., Ltd.	Thuringian State Authority for Consumer Protection (TLV), Germany	June 4, 2025	December 12, 2027
GMP certificate (Dalbavancin hydrochloride)	BrightGene Fine Chemical Co., Ltd.	The Free and Hanseatic City of Hamburg Authority for Justice and Consumer Protection (BJV), Germany	April 2, 2024	September 27, 2026
CEP certificate (Oseltamivir Phosphate API)	The Company	European Directorate for the Quality of Medicines & HealthCare	November 5, 2025	March 6, 2029
API Registration certificate (Caspofungin acetate API)	BrightGene Pharmaceutical	Ministry of Food and Drug Safety, Korea	March 6, 2019	N/A
API Registration certificate (Micafungin Sodium API)	BrightGene Pharmaceutical	Ministry of Food and Drug Safety, Korea	July 15, 2019	N/A

LEGAL PROCEEDINGS AND COMPLIANCE

We are committed to maintaining high standards of compliance with the laws and regulations applicable to our business. During the Track Record Period and up to the Latest Practicable Date, none of us or our Directors were involved in any litigation, arbitration or administrative proceedings which could have a material and adverse impact on our business, financial condition or results of operations. During the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable laws and regulations relating to our business operations.

However, we may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, could result in substantial costs and diversion of our resources, including our management's time and attention. For a discussion of the potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Relating to Our Operations — We may be involved in claims, disputes, litigation, arbitration or other legal proceedings in the ordinary course of business."

DATA PRIVACY

We have been advised by our PRC Legal Advisor that, apart from handling personal information of our employees and the contact persons of our suppliers, customers and other business partners, the personal data we process in the course of conducting drug clinical trials and bioequivalence studies include: names, contact details, curricula vitae and other information of project team members (primarily our employees, personnel seconded by partnering CROs and investigators at clinical trial institutions), as well as subjects' identification codes, dates of birth, ages, ethnicities and other basic personal information, and their medical histories, laboratory test reports and other personal health and physiological information.

Pursuant to the ICH Guideline for Good Clinical Practice, we are required to carry out pharmacovigilance activities ("**PV**"), which involve sharing Suspected Unexpected Serious Adverse Reactions ("**SUSARs**") with our overseas partners for reporting to the relevant foreign regulatory authorities. The personal information of trial subjects contained in the SUSARs we provide to overseas recipients consists solely of anonymized subject identification codes and data associated with such codes, while the mapping table that links identification codes to the actual identities of trial subjects is retained confidentially by the clinical trial sites in the PRC and is not accessible to overseas recipients. Accordingly, such data do not constitute "sensitive personal information" under applicable PRC data protection laws and regulations, and the volume of outbound personal information we transfer does not reach the relevant reporting thresholds. Therefore, as advised by our PRC Legal Advisor, we are not required to apply to the Cyberspace Administration of China for a security assessment of such outbound data transfers.

As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied in all material respects with the applicable PRC cybersecurity and data protection laws and regulations.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We are exposed to various risks in our business operations, and we believe that risk management is important to our success. See "Risk Factors" for a discussion of the key risks and uncertainties we may face. We have established our risk management systems to identify, assess, monitor and mitigate the risks that may hinder our success including strategic risks, operational risks, financial risks and legal risks.

To monitor the ongoing implementation of risk management policies and corporate governance measures after the [REDACTED], we have adopted, or will continue to adopt, among other things, the following risk management measures.

- Our Board will continue to oversee and manage the overall risks associated with our business operations, including (i) reviewing and approving our risk management policy; (ii) reviewing and approving annual working plan and annual report of our corporate risk management; (iii) monitoring significant risks associated with our business operation; and (iv) assessing our corporate risk in the light of our corporate risk tolerance.

- Our finance, legal, human resources and other relevant departments will be responsible for implementing our risk management policy and carrying out our day-to-day risk management practice. To standardize risk management across our Group and establish a common level of transparency and performance, these departments will (i) gather information about risks related to their operations or functions; (ii) conduct risk assessments, which include identifying, prioritizing, measuring, and categorizing all key risks that could potentially impact their objectives; (iii) continuously monitor key risks related to their operations or functions; (iv) implement appropriate risk responses as needed; (v) develop and maintain mechanisms to facilitate the application of our risk management framework; and (vi) promptly report any material risks to relevant departments.

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an independent internal control consultant, or the Internal Control Consultant, to perform certain agreed-upon procedures, or the Internal Control Review, in connection with the internal control of our Company and our major operating subsidiaries and to report factual findings on our Group's entity-level controls and internal controls of various processes, including financial reporting and disclosure controls, human resources and payroll

management, general controls of IT system, taxation management, contract management, and other procedures of our operations. The Internal Control Consultant performed reviews on the internal control systems of our Group. As of the Latest Practicable Date, there were no material outstanding issues relating to our Group's internal control.

During the Track Record Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement.

- We have implemented a range of measures and procedures covering various aspects of our business operations, including related party transactions, risk management, anti-bribery and anti-corruption, intellectual property protection, environmental protection, and occupational health and safety. For more information, see "— Intellectual Property" and "— Environmental, Social and Governance Matters." As part of our employee training program, we regularly provide training on these measures and procedures to our staff.

- Our Directors, who are responsible for overseeing the corporate governance of our Group, will, with assistance from our legal advisers, will periodically review our compliance status with all relevant laws and regulations following the [REDACTED].

- We have established an audit committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees internal control procedures of our Group.

- We have engaged First Shanghai Capital Limited as our compliance adviser to provide advice to our Directors and management team until the end of the first fiscal year after the [REDACTED] regarding matters relating to the Listing Rules. Our compliance adviser is expected to ensure our use of funding complies with the section headed "Future Plans and [REDACTED]" in this document after the [REDACTED], as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

Anti-bribery and Anti-corruption

We maintain strict anti-bribery and anti-corruption policies for our employees and business partners, which include:

- We strictly prohibit all forms of bribery, kickbacks, excessive gifts, entertainment, or any improper payments to gain undue business advantages. This prohibition applies across all business activities involving government officials, healthcare professionals, or any third parties;

- We require distributors to uphold integrity obligations under distribution agreements;

- All sales and marketing personnel must comply with promotional requirements, including restrictions on off-label promotion and limitations on industry-sponsored activities. Our agreements with third-party promoters include anti-bribery clauses prohibiting any inducements to healthcare professionals or regulatory agencies; and

- We maintain accurate books and records reflecting all transactions in reasonable detail. False invoices, unusual expenses, or misleading entries are strictly prohibited and must be promptly reported.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, Dr. Yuan directly held 113,535,123 A Shares. Ms. Zhong, Dr. Yuan's mother, directly held 22,543,669 A Shares. Borui Xinwen, the general partner of which is Ms. Zhong, directly held 26,801,844 A Shares. As advised by our PRC Legal Advisor, pursuant to the Administrative Measures for the Takeover of Listed Companies (上市公司收購管理辦法) promulgated by the CSRC, the parents or other close relatives of a natural person, if such natural person is a director or senior management of a A-share listed company, or if he/she holds 30% or more shares of a A-share listed company, shall be deemed as a person acting in concert of that natural person unless there is counter-evidence. In this regard, Ms. Zhong is deemed as a person acting in concert with Dr. Yuan. Dr. Yuan, Ms. Zhong and Borui Xinwen therefore constitute a group of our Controlling Shareholders, who collectively held approximately 37.84% of the total issued share capital of the Company (including the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date) and were entitled to exercise, or control the exercise of, the voting rights attaching to approximately 37.89% of our total issued shares as of the Latest Practicable Date (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). For further details of the treasury Shares, see "Share Capital — Our Shares" section in this document.

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), Dr. Yuan, Ms. Zhong and Borui Xinwen, will control approximately [REDACTED]% of voting rights in our Company (excluding the 560,332 A Shares held by our Company as treasury Shares as of the Latest Practicable Date). Therefore, Dr. Yuan, Ms. Zhong and Borui Xinwen will continue to be our Controlling Shareholders upon the [REDACTED].

COMPETITION

As of the Latest Practicable Date, none of our Controlling shareholders or their respective close associates had any interest in any business that competes or is likely to compete, either directly or indirectly with our Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

For the purpose of the listing of our A Shares on the SSE STAR Market and to avoid any potential competition with our Company, each of Dr. Yuan and Ms. Zhong entered into a non-competition undertaking in favor of our Company on March 18, 2019, pursuant to which each of them has undertaken that, for so long as he/she remains the controlling shareholder under the SSE STAR Market Listing Rules, among others, that: (i) he/she will not provide to any person or entity that conducts the business in competition with the business of our Group any proprietary technology, sales channels, customer information or other trade secrets; (ii) he/she will not, directly or through any controlled entity, engage in any business in competition with the business of our Group; (iii) if any his/her controlled entities conduct a business that competes with our Company, he/she will procure effective measures to avoid such competition, including injecting such business into our Group, and our Company may at any time require the transfer of all of his/her equity in such entity, for which our Company shall have a right of first refusal and the consideration shall be fair and reasonable; and (iv) in the event of any breach of the foregoing undertakings, he/she agrees to compensate our Group for all direct or indirect losses caused.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

INDEPENDENCE OF OUR BUSINESS

We believe that we are capable of carrying on our business independently from the Controlling Shareholders and/or their respective close associates upon the [REDACTED] for the following principal reasons:

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], our Board will consist of eleven Directors comprising five executive Directors, two non-executive Directors and four independent non-executive Directors. For more information, please see the section headed "Directors and Senior Management." Dr. Yuan, one of our Controlling Shareholders, is the chairman of our Board and an executive Director. Notwithstanding the role of Dr. Yuan in our Board, our Directors believe that our Company is capable of maintaining management independence due to the following reasons:

(1) our Directors are aware of their fiduciary duties as a director, which require, among other things, that they act for the benefits and in the interests of our Company and all our Shareholders as a whole and do not allow any conflict between their duties as a Director and their personal interests;

(2) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(3) our Board acts collectively by majority vote in accordance with our Articles of Association and applicable laws and regulations, and no single Director is able to make any decisions unless authorized by the Board;

(4) our Board has a balanced composition of executive, non-executive and independent non-executive Directors, which ensures the independence of the Board in making decisions affecting our Company. Our independent non-executive Directors account for more than one-third of the Board, and do not and will not take up any position with our Controlling Shareholders; and

(5) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Controlling Shareholders or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions and will abstain from voting at the relevant meeting in accordance with the Listing Rules.

Operational Independence

We are in possession of all technologies relating to our Group's business all requisite qualifications and approvals for conducting all our business. We have independent access to customers and suppliers and, therefore, are not dependent on our Controlling Shareholders for any significant amount of our revenue, R&D, staffing or marketing and sales activities, and we have sufficient capital, equipment and employees to operate our business independently from our Controlling Shareholders. We have an established and complete organizational structure comprising various separate departments, each charged with specific responsibilities, such as staffing, administration, finance, internal audit, R&D, sales and marketing, or company secretarial functions. These departments have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their close associates.

Financial Independence

Our Company has established its own finance department with a team of independent financial staff responsible for discharging treasury, accounting, reporting, group credit and internal control functions independently from our Controlling Shareholders and their respective close associates, as well as a sound and independent financial system, and makes independent financial decisions according to our own business needs. Our Company maintains bank accounts independently and does not share any bank account with our Controlling Shareholders. Our Company makes tax registration and pays tax independently with its own funds. As such, our Company's financial functions, such as cash and accounting management, invoices and bills, operate independently from our Controlling Shareholders and their respective close associates.

During the Track Record Period, Dr. Yuan provided guarantees (the "**CS Guarantees**") to secure certain bank loans and credit facilities of our Group. As of the Latest Practicable Date, the aggregate outstanding drawn amount under the bank loans and credit facilities secured by the CS Guarantees was RMB54.0 million. We have obtained confirmations from the relevant banks, which consent to the release of the CS Guarantees prior to the [REDACTED]. Accordingly, upon [REDACTED], there will be no outstanding loans, advances, or balances of a non-trade nature due to or from, nor any pledges or guarantees provided by, our Controlling Shareholders or any of their respective close associates. Following the [REDACTED], we do not expect to rely on financing from our Controlling Shareholders or their close associates. We expect our working capital requirements will be met through a combination of cash flows generated from operating activities, bank borrowings, equity and debt financing, and the [REDACTED] from the [REDACTED].

CORPORATE GOVERNANCE MEASURES

Our Company and our Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(1) under the Articles of Association, where our Company has knowledge that any Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution of our Company or restricted to vote only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;

(2) our Company has established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;

(3) our independent non-executive Directors will provide impartial and professional advice to protect the interests of our minority Shareholders;

(4) 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 expense;

(5) we have appointed First Shanghai Capital Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and

(6) we have established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Strategy and ESG Committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules.

SHARE CAPITAL

OVERVIEW

Before the [REDACTED]

As of the Latest Practicable Date, the total issued share capital of our Company was RMB430,464,598, comprising 430,464,598 A Shares (including 560,332 A Shares as treasury Shares) of nominal value of RMB1.00 each, which are all listed on the main board of the Shanghai Stock Exchange.

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	430,464,598	100%
Total	**430,464,598**	**100%**

Upon Completion of the [REDACTED]

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	430,464,598	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100%**

Immediately following the completion of the [REDACTED], assuming that the [REDACTED] is fully exercised and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED], the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of total issued share capital of our Company
A Shares	430,464,598	[REDACTED]%
H Shares to be [REDACTED] pursuant to the [REDACTED]	[REDACTED]	[REDACTED]%
Total	**[REDACTED]**	**100%**

Our Shares

Our H Shares in issue upon completion of the [REDACTED], and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between Chinese Mainland and Hong Kong. Our A Shares can be [REDACTED] and traded by Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be [REDACTED] and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be [REDACTED] or [REDACTED] by Hong Kong and other overseas [REDACTED] and qualified domestic institutional [REDACTED]. If our H Shares are eligible securities under the Southbound Trading Link, they can also be [REDACTED] and [REDACTED] by Chinese [REDACTED] in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

SHARE CAPITAL

As of the Latest Practicable Date, 560,332 A Shares were held by our Company as treasury Shares, which shall be used by our Company in connection with employee stock ownership plan(s) or employee share incentives of our Company, among which, 363,461 A Shares were repurchased during the period from March 27, 2024 to April 19, 2024, and 196,871 A Shares during the period from October 30, 2025 to December 16, 2025, respectively. If such 560,332 A Shares are not utilized within three years from the announcement of the results of repurchase and changes in our Shares, all such unutilized A Shares shall be cancelled. Upon adoption of any share scheme(s) of our Company which will be funded by such 560,332 A Shares after [REDACTED], such 560,332 A Shares may be transferred out of treasury for the purpose of and pursuant to such share scheme(s) of our Company and our Company will comply with applicable requirements under Rule 19A.39E of the Listing Rules as and when appropriate and required.

Ranking

Our H Shares and our A Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this document. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

No Conversion of Our A Shares into H Shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange

Our A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the [REDACTED]. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies [REDACTED] in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for [REDACTED] and [REDACTED] on the Hong Kong Stock Exchange.

Approval from Holders of A Shares Regarding the [REDACTED]

Approval from holders of A Shares is required for our Company to issue H Shares and seek the [REDACTED] of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the Shareholders' general meeting of our Company held on October 17, 2025 and is subject to the following major conditions:

(i) *Size of the [REDACTED]*. The proposed number of H Shares to be [REDACTED] shall not exceed [REDACTED] of the total issued share capital enlarged by the H Shares to be issued pursuant to the [REDACTED] (before the exercise of the [REDACTED]). The number of H Shares to be issued pursuant to the full exercise of the [REDACTED] shall not exceed [REDACTED] of the total number of H Shares to be [REDACTED] initially under the [REDACTED].

(ii) *Method of [REDACTED]*. The method of [REDACTED] shall be by way of an [REDACTED] to institutional [REDACTED] and a [REDACTED] in Hong Kong.

(iii) *Validity period*. The issue and [REDACTED] of H Shares on the Hong Kong Stock Exchange shall be completed within 24 months from the date on which such matters were approved at the Shareholders' meeting held on October 17, 2025.

There are no other approved [REDACTED] plans for our Shares except the [REDACTED].

Shareholders' General Meetings

For details of circumstance under which our shareholders' general meeting is required, see "Summary of Articles of Association — Shareholders and Shareholders' Meetings" in Appendix VI to this document.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the [REDACTED] and assuming the [REDACTED] is not exercised and no other changes are made to the issued share capital of our Company from the Latest Practicable Date to the [REDACTED], the following persons will have interests or short positions (if applicable) in the Shares or underlying Shares, which would be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO, or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at Shareholders' general meetings of our Company:

Name of substantial Shareholders	Nature of interest	Description of Shares	Number of Shares	Approximate % of shareholding in our total issued share capital as of the Latest Practicable Date	Approximate % of shareholding in our A Shares immediately after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate % of shareholding in our total issued share capital immediately after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)
Dr. Yuan	Beneficial owner	A Shares	113,535,123	26.38%	[REDACTED]%	[REDACTED]%
	Interests held jointly with another person[2]	A Shares	49,345,513	11.46%	[REDACTED]%	[REDACTED]%
	Interest in treasury Shares[3]	A Shares	560,332	0.13%	[REDACTED]%	[REDACTED]%
Ms. Zhong[1]	Beneficial owner	A Shares	22,543,669	5.24%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation	A Shares	26,801,844	6.23%	[REDACTED]%	[REDACTED]%
	Interests held jointly with another person[2]	A Shares	113,535,123	26.38%	[REDACTED]%	[REDACTED]%
	Interest in treasury Shares[3]	A Shares	560,332	0.13%	[REDACTED]%	[REDACTED]%
Borui Xinwen[1]	Beneficial owner	A Shares	26,801,844	6.23%	[REDACTED]%	[REDACTED]%
	Interests held jointly with another person[2]	A Shares	136,078,792	31.61%	[REDACTED]%	[REDACTED]%
	Interest in treasury Shares[3]	A Shares	560,332	0.13%	[REDACTED]%	[REDACTED]%

Note:

(1) Borui Xinwen is a limited partnership established in the PRC. As of the Latest Practicable Date, Borui Xinwen is owed by (1) Ms. Zhong as to 10.09% as the sole general partner; (2) 42.15% by Li Bin (李彬), an Independent Third Party, as a limited partner; and (3) 47.76% by other 45 limited partners, with each of whom holding less than one third interests therein. Therefore, each of Ms. Zhong and Li Bin is deemed to be interested in the Shares held by Borui Xinwen under the SFO.

(2) As advised by our PRC Legal Advisor, Ms. Zhong is deemed to be a person acting in concert with Dr. Yuan pursuant to PRC law. Each of Dr. Yuan, Ms. Zhong and Borui Xinwen is deemed to be interested in the Shares in which each of them is interested.

(3) As of the Latest Practicable Date, there were 560,332 A Shares repurchased and held in our Company's stock repurchase account. Our Controlling Shareholders who control more than one-third of the voting rights at the general meetings of our Company would be taken to have an interest in such repurchased A Shares held by our Company.

Save as disclosed above and in Appendix VII to this document, our Directors are not aware of any person who will, immediately following the [REDACTED], have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

BOARD OF DIRECTORS

Upon the [REDACTED], our Board will consist of eleven Directors, comprising five executive Directors, two non-executive Directors and four independent non-executive Directors. The following table sets forth the key information about our Directors as of the Latest Practicable Date.

Name	Age	Positions	Date of joining our Group	Date of appointment as a Director	Roles and responsibilities
Dr. Yuan Jiandong (袁建棟)	56	Chairperson of the Board, executive Director and general manager	October 26, 2001	October 26, 2001	Providing strategic leadership and oversight of the overall business and operations of our Group
Ms. Tong Tong (仝彤)	38	Executive Director	January 2, 2024	September 27, 2024	Overseeing business development, strategic investments, pipeline planning and partnerships of our Group
Mr. Li Kai (李凱)	49	Executive Director and deputy general manager	March 5, 2007	October 17, 2025	Overseeing the daily operations, general human resources and administrative affairs, as well as corporate support functions of our Group
Ms. Ding Nan (丁楠)	34	Executive Director and Board secretary	April 6, 2021	September 27, 2024	Overseeing information disclosure, investor relations and compliance matters of our Group
Dr. Shen Xincheng (沈新程)	46	Executive Director	June 19, 2017	September 27, 2024	Providing professional advice to the Board
Ms. Su Lei (蘇蕾)	38	Non-executive Director	May 13, 2017	September 28, 2021	Providing professional advice to the Board
Ms. Stephanie Yuan (袁芬妮)	28	Non-executive Director	April 10, 2026	April 10, 2026	Providing professional advice to the Board
Dr. Cheng Zengjiang (程增江)	59	Independent non-executive Director	September 27, 2024	September 27, 2024	Supervising and providing independent opinion and judgment to the Board
Dr. Xu Dongdong (許冬冬)	35	Independent Non-executive Director	September 18, 2023	September 18, 2023	Supervising and providing independent opinion and judgment to the Board
Ms. Wu Yinghua (吳英華)	55	Independent non-executive Director	September 18, 2023	September 18, 2023	Supervising and providing independent opinion and judgment to the Board
Ms. Chen Xin (陳新)	57	Independent non-executive Director	October 17, 2025	October 17, 2025	Supervising and providing independent opinion and judgment to the Board

EXECUTIVE DIRECTORS

Dr. Yuan Jiandong (袁建棟), aged 56, is the founder, the chairperson of our Board, an executive Director and the general manager of our Company. Dr. Yuan is a seasoned leader in China's biotechnology sector with deep scientific expertise and entrepreneurial vision. With over 20 years of experience across research, corporate management and strategic innovation, he has materially contributed to the development of our Company.

Additionally, he holds directorships in several of our Major Subsidiaries, including, among others: (i) BrightGene Pharmaceutical since March 2010, currently serving as an executive director, (ii) Taixing BrightGene since December 2010, currently serving as a director, (iii) Atmen Pharmaceutical since July 2020, currently serving as the chairperson and executive director, (iv) Wuxi BrightGene since July 2022, currently serving as the chairperson, (v) BrightGene InnoPharma since June 2023, currently serving as an executive director, (vi) Chongqing Qiantai since January 2025, currently serving as the chairperson, and (vii) Atsenbo Pharmaceutical since February 2025, currently serving as the chairperson and executive director. Outside our Group, Dr. Yuan served as a director of Nuhigh Biotechnologies Co., Ltd. (蘇州新海生物科技股份有限公司) from June 2015 to August 2023 and the chairman of Bozegelin (Shandong) Pharmaceutical Co., Ltd. (博澤格霖(山東)藥業有限公司) from July 2020 to April 2023. He has also served as a director of Shenzhen Oralead Pharma Ltd. (深圳奧禮生物科技有限公司) from June 2025 to April 2026.

Dr. Yuan obtained a bachelor's degree in organic chemistry from Peking University (北京大學) in the PRC in July 1992 and a Ph.D. degree in chemistry from the State University of New York in the United States in May 1998.

Ms. Tong Tong (仝彤), aged 38, is an executive Director of our Company. She joined our Group in January 2024 and was appointed as our director in September 2024.

Prior to joining our Group, Ms. Tong served as a managing director of Suzhou Wuzhong Rong Yue Cci Capital Ltd. (蘇州吳中融玥投資管理有限公司) from August 2016 to November 2019, the chairperson and general manager of Suzhou Wuzhong Biopharmaceutical Industry Development Co., Ltd. (蘇州吳中生物醫藥產業發展有限公司) from November 2019 to December 2023, and the chairperson of Suzhou Wuzhong Biopharmaceutical Industrial Park Investment Co., Ltd. (蘇州吳中生物醫藥產業園投資有限公司) from July 2020 to December 2023. Outside our Group, she has served as a director of Shanghai Hecheng Biotechnology Co., Ltd. (上海合橙生物科技有限公司) since May 2024 and as a director of Shenzhen Oralead Pharma Ltd. (深圳奧礼生物科技有限公司) from June 2025 to April 2026.

Ms. Tong obtained a master's degree in business administration from the University of Liège in Belgium in October 2019.

Mr. Li Kai (李凱), aged 49, is an executive Director and the deputy general manager of our Company. Mr. Li served as our director from March 2011 to September 2021 and was appointed as our executive Director in October 2025.

Prior to joining our Group, Mr. Li served as a quality management supervisor at Yuen Foong Yu Paper Enterprise (Kunshan) Co., Ltd. (永豐餘紙業(昆山)有限公司) from April 2001 to December 2003. Outside our Group, he served as an executive director of Suzhou Jinhechuan Import and Export Trading Co., Ltd. (蘇州金和川進出口貿易有限公司) from May 2023 to April 2024.

Mr. Li obtained his bachelor's degree in food science and engineering from Zhengzhou Institute of Light Industry (鄭州輕工業學院), currently known as Zhengzhou University of Light Industry (鄭州輕工業大學) in the PRC in July 1999.

Ms. Ding Nan (丁楠), aged 34, is an executive Director of our Company. She joined our Group in April 2021 as a securities affairs representative and served in that role until September 2021. She was subsequently appointed as the Board secretary since September 2021 and as an executive Director since September 2024.

Prior to joining our Group, from April 2016 to March 2021, Ms. Ding served as the legal affairs officer and securities affairs representative at Linkage Software Co., Ltd. (蘇州工業園區凌志軟件股份有限公司), the shares of which are listed on the SSE STAR Market (stock code: 688588). She then served as the executive director and general manager of Lvfei Management Consulting (Suzhou) Co., Ltd. (律飛管理諮詢(蘇州)有限公司) from June 2021 to December 2025.

Ms. Ding obtained a bachelor's degree in law from Shanghai University of Political Science and Law (上海政法學院) in July 2014.

Dr. Shen Xincheng (沈新程), aged 46, is an executive Director of our Company. She joined our Group in June 2017 and was appointed as our director in September 2024.

Prior to joining our Group, Dr. Shen served as the director of research and development at Renpu (Suzhou) Pharmaceutical Co., Ltd. (仁普(蘇州)藥業有限公司) from February 2010 to May 2016. She then served as the director of the project management department at Crystal Pharmaceutical (Suzhou) Co., Ltd. (蘇州科睿思製藥有限公司) from June 2016 to June 2017.

Dr. Shen obtained a Ph.D. degree in analytical chemistry from Wuhan University (武漢大學) in the PRC in June 2008.

Non-Executive Directors

Ms. Su Lei (蘇蕾), aged 38, is a non-executive Director of our Company. She joined our Group in May 2017 as a supervisor and served in that role until September 2021. She was appointed as our director since September 2021.

Prior to joining our Group, Ms. Su served as assistant to the chairman in the administration department of Suzhou Xinitong Trading Co., Ltd. (蘇州新日通貿易有限公司) from September 2010 to November 2011.

Outside our Group, she has served as (i) the finance manager of Suzhou Gaoquan Venture Capital Partnership (Limited Partnership) (蘇州高銓創業投資企業(有限合夥)) since November 2011; (ii) a supervisor of Jiangsu Suzhou Hi-Tech Venture Capital Co., Ltd. (江蘇省蘇高新風險投資股份有限公司) since May 2017; (iii) a supervisor of Tufangbian (Suzhou) Technology Co., Ltd. (圖方便(蘇州)科技有限公司) since April 2018; and (iv) a supervisor of Suzhou High-tech Venture Capital Management Co., Ltd. (蘇州高新風投創業投資管理有限公司) since March 2017.

Ms. Su obtained her bachelor's degree in Japanese language from Applied Technology College of Soochow University (蘇州大學應用技術學院) in the PRC in June 2010, and an executive master of business administration from Soochow University in the PRC in July 2020.

Ms. Stephanie Yuan (袁芬妮), aged 28, is a non-executive Director of our Company. She was appointed as a director on April 10, 2026. Ms. Yuan is the daughter of Dr. Yuan Jiandong.

Prior to joining our Group, Ms. Yuan engaged in research at Dana-Farber Cancer Institute from July 2021 to May 2022 and was a volunteer researcher at The Rockefeller University from June 2019 to September 2019. She worked at the asset management department of Guosen Securities (HK) Financial Holdings Co., Ltd., from January 2023 to February 2024. Ms. Yuan has served as a venture partner of HLC VGC Management IV Limited since March 2025, an investment fund primarily engaged in research and equity investment in biopharmaceutical sector.

Ms. Yuan obtained her bachelor's degree of science with a major in biochemistry and cell biology from the University of California, San Diego in June 2020 and her master's degree in medical science from Harvard Medical School in the United States in May 2022.

Independent Non-Executive Directors

Dr. Cheng Zengjiang (程增江), aged 59, is an independent non-executive Director of our Company.

Prior to joining our Group, Dr. Cheng served as the general manager of Beijing Sipu Run'n Medicine Technology Co., Ltd. (北京思普潤安醫藥科技有限公司) from April 2006 to December 2006, and as the director of research and development at Hainan Sihuan Pharmaceutical Co., Ltd. (海南四環醫藥有限公司), a subsidiary of Sihuan Pharmaceutical Holdings Group Ltd. (四環醫藥控股集團有限公司), the shares of which are listed on the Stock Exchange (stock code: 0460) from April 2009 to April 2012.

Outside our Group, Dr. Cheng has served as (i) the chairman of Kebeiyuan (Beijing) Biopharmaceutical Technology Co., Ltd. (科貝源(北京)生物醫藥科技有限公司) since January 2007; (ii) the executive director and general manager of Beijing Zitan Management Consulting Co., Ltd. (北京梓潭管理諮詢有限公司) since July 2014; (iii) the executive director and general manager of Beijing Tongxieyi Investment Management Co., Ltd. (北京同寫意投資管理有限公司) since February 2017; and (iv) an independent director of Chengdu Easton Bio Pharmaceuticals Co., Ltd. (成都苑東生物製藥股份有限公司) since December 2024, the shares of which are listed on the SSE STAR Market (stock code: 688513).

Dr. Cheng obtained a bachelor's degree in pharmacy from the Second Military Medical University in the PRC in July 1986. He further obtained a master's degree and a Ph.D. degree in medicine and pharmaceutical analysis from the Academy of Military Medical Sciences in the PRC in August 1991 and in July 1997, respectively.

Dr. Xu Dongdong (許冬冬), aged 35, is an independent non-executive Director of our Company.

Prior to joining our Group, Dr. Xu served as the manager of the investment department of Shanghai Kangda Chemical New Materials Co., Ltd. (上海康達化工新材料股份有限公司), currently known as Kangda New Materials (Group) Co., Ltd. (康達新材料(集團)股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002669), from March 2012 to May 2017. Thereafter, he served as the vice president and board secretary of Changzhou Tiansheng New Materials Group Co., Ltd. (常州天晟新材料集團股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300169), from April 2019 to October 2020. From September 2023 to October 2023, Dr. Xu served as a director of Suzhou Electrical Apparatus Science Academy Co., Ltd. (蘇州電器科學研究院股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300215).

Outside our Group, Dr. Xu has served as an independent director of (i) Suzhou TZTEK Technology Co., Ltd. (蘇州天準科技股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 688003), since May 2024, and (ii) Kunshan SuperMix Printing Technology Co., Ltd. (昆山佳合紙製品科技股份有限公司), the shares of which are listed on the Beijing Stock Exchange (stock code: 920392), since August 2024.

Dr. Xu obtained a master's degree and a Ph.D. degree in business administration from Brest Business School in France in July 2022 and in September 2024, respectively.

Ms. Wu Yinghua (吳英華), aged 55, is an independent non-executive Director of our Company.

Prior to joining our Group, Ms. Wu began her career at Jiangsu Wujiang Certified Public Accountants (江蘇吳江會計師事務所), where she served as an audit assistant and later department manager from July 1993 to December 1999. Since January 2000, she has continued to develop her professional practice as a department director and deputy chief accountant of Wujiang Huazheng Certified Public Accountants Co., Ltd. (吳江華正會計師事務所有限公司). In addition to her accounting practice, Ms. Wu served as an independent director of Jiangsu Yongding Co., Ltd. (江蘇永鼎股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600105), from September 2009 to May 2016. Ms. Wu is a Certified Public Accountant of China and a senior member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Outside our Group, Ms. Wu has served as (i) an independent director of Suzhou Ovodan Egg Products Co., Ltd. (蘇州歐福蛋業股份有限公司), the shares of which listed on the Beijing Stock Exchange (stock code: 839371), since December 2021; and (ii) a director of Yangtze River Delta Investment Development (Jiangsu) Co., Ltd. (長三角投資發展(江蘇)有限公司) since April 2021.

Ms. Wu obtained a bachelor's degree in accounting from Jiangxi Institute of Finance and Economics (江西財經學院), currently known as Jiangxi University of Finance and Economics (江西財經大學) in the PRC in July 1993.

Ms. Chen Xin (陳新), aged 57, is an independent non-executive Director of our Company.

Ms. Chen has extensive experience in legal practice, representing investors in private fund investments and co-investment projects around the globe. She spent over two decades at Shearman & Sterling from September 2001 to May 2024, holding senior partnership positions including the Head of Greater China and Asia Regional Managing Partner. Following the firm's merger on May 1, 2024, she continues to practice at Allen & Overy Shearman Sterling (Hong Kong) Limited, where she serves as a partner, Co-Managing Partner of Greater China, and regional Co-Head of the Funds and Asset Management practice.

Ms. Chen obtained an LL.M. degree and a Juris Doctor degree from Columbia Law School in the United States. She is qualified to practice law in the State of New York and Hong Kong.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The following table sets forth the key information about our senior management as of the Latest Practicable Date.

Name	Age	Positions	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities
Dr. Yuan Jiandong (袁建棟)	56	Chairperson of the Board, executive Director and general manager	October 26, 2001	October 26, 2001	Providing strategic leadership and oversight of the overall business and operations of our Group
Mr. Li Kai (李凱)	49	Executive Director and deputy general manager	March 5, 2007	August 24, 2015	Overseeing the daily operations, general human resources and administrative affairs, as well as corporate support functions of our Group
Ms. Ding Nan (丁楠)	34	Executive Director and Board secretary	April 6, 2021	September 27, 2021	Overseeing information disclosure, investor relations management and compliance matters of our Group

For biography of each of Dr. Yuan Jiandong, Mr. Li Kai and Ms. Ding Nan, see "— Board of Directors — Executive Directors" in this section.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS AND SENIOR MANAGEMENT

In October 2023, Dr. Yuan received a warning letter from the Jiangsu Regulatory Bureau of China Securities Regulatory Commission (中國證券監督管理委員會江蘇監管局) (the "**Jiangsu CSRC**") and a verbal warning from the Shanghai Stock Exchange (collectively, the "**2023 Regulatory Warnings**") in relation to Dr. Yuan's inadvertent sharing of personal feedback regarding the efficacy of our BGM0504 injection after use during an industry expert panel telephone conference held on October 12, 2023 (the "**Expert Conference**"), when such drug candidate was then still undergoing clinical trials. Dr. Yuan's sharing on the Expert Conference arose from spontaneous responses to technical questions in a closed-door expert discussion rather than pre-arranged promotional statements or public investor communications. After the incident, our Company acted swiftly to mitigate any potential misunderstanding and issued formal risk disclaimers to the market, evidencing Dr. Yuan's and our Company's good faith commitment to compliance with applicable disclosure requirements.

Our PRC Legal Adviser has advised that 2023 Regulatory Warnings is a non-punitive regulatory measure implemented by the Jiangsu CSRC and the Shanghai Stock Exchange, which does not constitute an administrative penalty or public censure under the PRC law and regulations. Given the inadvertent nature of the incident and that Dr. Yuan has not experienced any similar incident before or since then, our Directors are of the view that the above incident do not impugn the integrity or suitability of Dr. Yuan's directorship in our Company on the following basis:

(1) As of the Latest Practicable Date and to the best knowledge of our Company, the 2023 Regulatory Warnings has been concluded and there has not been any further regulatory request to, action against or correspondence with our Company or Dr. Yuan from or by the Shanghai Stock Exchange and/or the CSRC;

(2) All non-compliant conducts involved in above incident were unintentional and did not involve findings of fraud and dishonesty of Dr. Yuan or raise concern on his integrity;

(3) As advised by the PRC Legal Adviser, considering the non-punitive nature, none of the warning letter issued by Jiangsu CSRC or the verbal warning issued by the Shanghai Stock Exchange constitutes a major or severe administrative regulatory measure or self-regulatory measure, nor do they constitute administrative penalties or public censure under the PRC securities laws, regulations or rules; and

(4) Our Company has also implemented internal control measures to ensure full compliance with applicable laws and regulations in the future, including but not limited to (i) appointing the compliance adviser and enhancing our Company's internal policies on information disclosure, investor relations and media communications; (ii) organizing and enhancing regular compliance training for Directors and relevant personnel to strengthen their study of relevant laws and regulations; and (iii) conducting periodic self-inspections and internal audits to ensure compliance of information disclosure processes, with material matters reported promptly to the Board or the Audit Committee.

The Sole Sponsor has (i) conducted a due diligence interview with Mr. Yuan; (ii) obtained and reviewed the documents in relation to the 2023 Regulatory Warnings, among other things, the notes of the Expert Conference, the Company's announcements published in the A-share market, and the report submitted by the Company to Jiangsu CSRC in response to the 2023 Regulatory Warnings; (iii) obtained and reviewed the internal control measures adopted by the Company, such as the information disclosure policy; (iv) obtained and reviewed the training record regarding external communication by personnel of a listed company; (v) commissioned an independent agent to conduct a background search on Mr. Yuan; (vi) obtained and reviewed the legal opinion issued by the PRC Legal Adviser, and noted that no litigation, regulatory proceedings or material claims have been brought or threatened in connection with the 2023 Regulatory Warnings. Based on the independent due diligence work performed by and the information and representations provided to the Sole Sponsor, the Sole Sponsor concurs with the Directors' view on the suitability of Dr. Yuan to act as the executive Director and senior management of the Company under Rules 3.08 and 3.09 of the Listing Rules as stated above.

Save as disclosed above, to the best knowledge, information and belief of our Directors having made all reasonable inquiries, there is no other information in relation to his or her appointment which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

Save as disclosed above, none of our Directors and senior management held any directorships in any other company listed in Hong Kong or overseas during the three years immediately preceding the date of this document. None of our Directors and senior management is related to other Directors and senior management.

Our Company dissolved the supervisory board in October 2025. As advised by our PRC Legal Advisors, such dissolution was made in accordance with the requirements of the PRC Company Law and relevant rules including the Notice on Transitional Arrangements for the Implementation of Supporting System Rules for the New Company Law (《關於新〈公司法〉配套制度規則實施相關過渡期安排》) issued by the CSRC on December 27, 2024, and is in compliance with applicable PRC laws and the CSRC' s regulatory requirements.

JOINT COMPANY SECRETARIES

Ms. Ding Nan (丁楠), aged 34, is an executive Director and the Board secretary of our Company. She has been appointed as one of the joint company secretaries of our Company effective on September 26, 2025. For her biography, see "— Board of Directors — Executive Directors" in this section.

Ms. Ye Jiahong (叶嘉紅) has been appointed as one of the joint company secretaries of our Company effective on September 26, 2025. She serves as an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. Ms. Ye has approximately seven years of experience in the corporate secretarial field, being an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Ye obtained a bachelor of arts degree in English (business management stream) from Jinan University in June 2013 and a master of arts degree in computer-aided translation from The Chinese University of Hong Kong in November 2014.

BOARD COMMITTEES

Our Company has established four committees under the Board in accordance with the relevant laws and regulations in Chinese Mainland, the Articles of Association and the code of corporate governance practices under the Listing Rules, including the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee.

Audit Committee

We have established an Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are to review and supervise internal control management system in the fields of financial management, risk management and regulatory compliance, comprehensive supervise all company employees, partners and suppliers. The Audit Committee comprises three independent non-executive Directors, namely, Ms. Wu Yinghua, Ms. Chen Xin and Dr. Cheng Zengjiang. Ms. Wu Yinghua is the chairperson of the Audit Committee and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

Nomination Committee

We have established a Nomination Committee in compliance with the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to our Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises an executive Director and two independent non-executive Directors, namely, Dr. Cheng Zengjiang, Dr. Xu Dongdong and Ms. Ding Nan. Dr. Cheng Zengjiang is the chairperson of the Nomination Committee.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration and Appraisal

Committee comprises one executive Director and two independent non-executive Directors, namely, Dr. Xu Dongdong, Ms. Wu Yinghua and Dr. Yuan. Dr. Xu Dongdong is the chairperson of the Remuneration and Appraisal Committee.

Strategy and ESG Committee

We have established a Strategy and ESG Committee. The primary duties of the Strategy and ESG Committee are to conducting research and making recommendations on our Company's long-term development strategy, examining the progress of the implementation of our Company's sustainable development objectives, and listening to reports on the work of the Board. The Strategy and ESG Committee comprises five executive Directors, namely, Dr. Yuan, Ms. Tong Tong, Mr. Li Kai and Ms. Ding Nan. Dr. Yuan is the chairperson of the Strategy and ESG Committee.

CORPORATE GOVERNANCE CODE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability. Our Company intends to comply with all code provisions in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after the [REDACTED] apart from code provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairperson of the Board and chief executive should be separate and should not be performed by the same individual.

The roles of chairperson of the Board and general manager of our Company are currently performed by Dr. Yuan. In view of Dr. Yuan's substantial contribution to our Group since our establishment and his extensive experience, we consider that having Dr. Yuan acting as both our chairperson of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Dr. Yuan continues to act as both our chairperson of the Board and general manager after the [REDACTED], and therefore currently do not propose to separate the functions of chairperson of the Board and general manager. While this would constitute a deviation from code provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises four independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Dr. Yuan and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether the separation of the roles of chairperson of the Board and general manager is necessary.

BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. We will select potential Board candidates based on merit and their potential contribution to our Board while taking into consideration our own business model and specific needs from time to time.

Our Board has a balanced mix of knowledge, skills and experience. They completed studies in various majors including but not limited to, among others, pharmaceuticals, finance, business management, accounting and law. We have four independent non-executive Directors who have different industry backgrounds. Furthermore, our Directors are of a wide range of age, from 28 to 60 years old. Taking into account our business model and specific needs as well as the presence of six female Directors out of a total of eleven Board members, we consider that the composition of our Board satisfies our board diversity policy.

We recognize the particular importance of gender diversity on our Board. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. In particular, taking into account the business needs of our Group and changing circumstances that may affect our business plans, we will actively identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become our Board members, which will be periodically reviewed by our Nomination Committee in order to develop a pipeline of potential successors to our Board and promote gender diversity. We will also ensure that there is gender diversity when recruiting staff at the mid- to senior- levels so that we have a pipeline of female senior management and potential successors to our Board going forward. We plan to offer well-rounded trainings to female employees whom we consider have the requisite experience, skills and knowledge of our operation and business, on topics including but not limited to business operation, management, accounting and finance, and legal compliance. After [REDACTED], our Nomination Committee will review our board diversity policy and its implementation annually to monitor its continued effectiveness.

COMPLIANCE ADVISOR

We have appointed First Shanghai Capital 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 Listing Rules and applicable Hong Kong laws. The term of appointment of our Compliance Advisor shall commence on the [REDACTED] 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 [REDACTED].

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Directors and senior management members who receive remuneration from our Company are paid in forms of fees, wages, salaries, bonuses, pension scheme contributions, and other benefits in kind. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, the Shareholders' meetings and the Board takes into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors for the year ending December 31, 2026 to be RMB6.75 million.

For the years ended December 31, 2023, 2024, 2025, the total amount of remuneration (including fees, wages, salaries, bonuses and pension scheme contributions) and other benefits in kind (if applicable) paid to our Directors were RMB4.9 million, RMB5.3 million and RMB9.5 million, respectively. For details on the remuneration of each Director during the Track Record Period, please refer to Note 9 to the Accountants' Report in Appendix I to this document.

For the years ended December 31, 2023, 2024, 2025, the total emoluments to the five highest paid individuals (including four, four and four Directors) by us amounted to RMB5.5 million, RMB5.3 million and RMB11.6 million, respectively. For details on the remuneration of the five highest-paid employees during the Track Record Period, please refer to Note 10 to the Accountants' Report in Appendix I to this document.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors waived any remuneration. Save as disclosed above, during the Track Record Period, no other amounts shall be paid or payable by us or any of our subsidiaries to our Directors or the five highest paid individuals.

CONFIRMATIONS FROM OUR DIRECTORS

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on October 15, 2025 or April 7, 2026, where applicable, and (ii) understands his or her obligations as a director of a [REDACTED] under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) that his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (ii) that he or she have 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.

Each of our Director confirms that as of the Latest Practicable Date, save as disclosed in the section headed "Relationship with our Controlling Shareholders — Competition" of this document, 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.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our historical financial information, together with the accompanying notes, included in the Accountants' Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants' Report and not rely solely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including "Forward-Looking Statements," "Risk Factors" and "Business."

OVERVIEW

We are a global pharmaceutical company spearheading breakthroughs in metabolic and respiratory diseases and other therapeutic areas with significant disease burden. Founded in 2001, we have built a diversified portfolio comprising APIs/intermediates, generics, and innovative drugs, leveraging our multidisciplinary expertise and industry-leading R&D capabilities. Our global commercial network spanning over 40 countries and regions, combined with integrated operational capabilities, positions us to capture growing international market opportunities.

Building on our foundation in high-barrier generics and specialty APIs, we have successfully advanced into innovative therapeutics with a globally competitive pipeline. As of the Latest Practicable Date, we had six major innovative drug candidates, spearheaded by BGM0504, a GLP-1/GIP dual agonist with global best-in-class potential for the treatment of T2DM and obesity/overweight. Meanwhile, our marketed product portfolio comprises over 40 finished drug products and APIs/intermediates.

During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively. Our profit for the year amounted to RMB173.4 million, RMB141.3 million and RMB37.0 million, respectively, during the same years.

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period. Our historical financial information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each year during the Track Record Period. For details, see Note 2.1 to the Accountants' Report set out in Appendix I to this document.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations and financial condition include the following.

The Growth of the Pharmaceutical Market and Our Major Therapeutic Areas

Our financial performance and future growth are underpinned by the overall growth of the pharmaceutical market in China and globally. Our diversified business model covers the full pharmaceutical value chain, encompassing APIs and intermediates and finished drug products. During the Track Record Period, our revenue was primarily derived from the sales of marketed generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively, with APIs and intermediates constituting the majority of our revenue during the Track Record Period. As the global economy continues to develop, multiple structural trends such as population growth, aging demographics, increased public awareness of health, urbanization in emerging markets, and the enhancement of healthcare insurance systems have contributed to the consistent growth of the global pharmaceutical industry. In particular, the accelerating expansion of the global generic drug market is a key factor driving the growing demand for APIs and intermediates. According to CIC, the global market for APIs and intermediates was US$272.5 billion in 2025 and is expected to reach US$457.5 billion by 2035, representing a CAGR of 5.2%.

Building on our established portfolio of marketed generic drug products and APIs/intermediates, we have strategically expanded into innovative therapeutics, establishing a globally competitive product pipeline. We currently focus our R&D efforts on developing globally novel and proprietary therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. According to CIC, the global metabolic disease drug market was US$222.9 billion in 2025 and is expected to increase to US$584.7 billion by 2035 at a CAGR of 10.0%, while the global respiratory drug market was valued at US$150.7 billion in 2025 and is expected to increase to US$219.3 billion by 2035 at a CAGR of 3.7%. Upon commercialization, our drug candidates will expand our marketed product portfolio and tap into the substantial unmet needs and growth opportunities in metabolic and respiratory diseases. For more details on the market opportunities of our product portfolio and pipeline candidates, see "Industry Overview."

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

The success of our business and results of operation depends in part on our ability to advance our drug development programs, demonstrate satisfactory safety and efficacy in clinical trials, obtain the necessary regulatory approvals, and launch our products in our target markets as planned. As of the Latest Practicable Date, we had six major innovative drug candidates. See "Business — Our Product Portfolio" for details. Subject to regulatory communications and marketing approval, we anticipate filing NDAs for our flagship metabolic disease candidate, BGM0504, as early as 2026 for T2DM and obesity/overweight. Our ability to bring BGM0504 and other pipeline candidates to market within projected timelines will be critical to sustaining our long-term growth. After our drug candidates are commercialized, our business and results of operations will depend on the market acceptance and sales of our commercialized drugs. The market performance of newly launched products will in turn be influenced by their clinical differentiation, pricing strategies, reimbursement coverage and the effectiveness of our commercialization efforts, including brand positioning and academic promotion.

Our Ability to Compete Effectively and Increase the Market Share of Our Marketed Products

Our ability to sustain and grow our business depends on the competitiveness of our marketed products and our capacity to maintain or expand their market positions in both domestic and international markets. Consequently, our revenue and profitability may fluctuate depending on how effectively our products compete within their respective markets and whether we can successfully maintain or expand their market share.

During the Track Record Period, the majority of our revenue was derived from eight major marketed products. For details, see "Business — Our Product Portfolio — Our Marketed Products." The future performance of our marketed products will continue to depend on their ability to compete within the market. Changes in market dynamics or competitive positioning may influence sales volumes and market share, which could in turn affect our business, financial condition, and results of operations. Our marketed products and those of our competitors may experience fluctuations in sales, gross profit margins, and profitability throughout different stages of their life cycles, as market acceptance, competition, and product maturity evolve. Such movements are typical in the industry and generally reflect market patterns beyond company-specific developments.

Our Ability to Expand in the Global Pharmaceutical Market

We have been, and will continue, expanding our global footprint to unlock and maximize the potential of our product portfolio and technology platforms and address unmet medical needs worldwide. As of the Latest Practicable Date, our marketed products reach over 40 countries and regions globally, including numerous in-house developed APIs and intermediates holding DMFs registrations across major markets — China, the U.S., Europe, Japan and South Korea — which have been frequently referenced by customers in their regulatory submissions. We have also maintained long-term and stable collaborations with multiple global partners across various product and technology areas, demonstrating our recognized quality and technical strengths within the global pharmaceutical value chain.

In addition, we plan to further strengthen our global footprint through targeted collaboration, licensing, and commercialization partnerships that leverage our innovation and manufacturing base. For example, for our flagship metabolic disease candidate, BGM0504, we are exploring potential collaboration and market entry opportunities in Southeast Asia and other international markets. We will also continue to pursue international regulatory approvals and quality accreditations to enhance the global competitiveness and accessibility of our products, which are expected to reinforce our position to become globally oriented, innovation-driven pharmaceutical company.

The Inclusion of Our Products in Government-Sponsored Medical Insurance Programs in China

For the years ended December 31, 2023, 2024 and 2025, revenue generated from Chinese Mainland accounted for 65.9%, 54.0% and 56.6% of our total revenue, respectively. The NRDL forms the basis for medical insurance coverage and reimbursement standards under China's basic medical insurance, work-related injury insurance and maternity insurance programs. NRDL inclusion significantly influences market dynamics by determining patient access to insurance reimbursement for covered medications, thereby affecting both demand patterns and achievable pricing 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.

As of December 31, 2025, nine of our marketed finished drug products sold in China were included in the NRDL. For details on our major marketed products included in the NRDL, see "Business — Our Product Portfolio — Our Marketed Products." While the inclusion of a pharmaceutical product in these national or other government-sponsored medical insurance programs can significantly improve its accessibility and substantially boost its demand and potential sales volume, products so included may subsequently face pricing pressure in the centralized tender process. For details, see "Risk Factors — Risks Relating to Our Business and Industry — National or other government-sponsored medical insurance programs may have a material impact on our sales, profitability and business prospects."

The Implementation of The Volume-Based Procurement ("VBP") Schemes and Our Ability to Compete in The Centralized Tender Process by Public Medical Institutions in China

The VBP schemes implemented by the PRC government aim to secure larger quantities of pharmaceutical products at lower prices and thus may potentially impact how drugs are priced and procured in China. During the Track Record Period, five of our marketed finished drug products were included in national VBP scheme. See "Business — Pricing — Pricing of Finished Drug — VBP Schemes" for details. The VBP schemes, while enabling larger sales volumes, exert downward pressure on our product pricing to win bids and influence the prices at which we sell our products to our customers, thus potentially affecting our revenue and profitability. In addition, the inclusion of our customers' products under the VBP schemes may also have a material impact on the sales performance of our APIs and intermediates. Specifically, inclusion in the VBP schemes may create pricing pressures for our downstream generic drug manufacturers, particularly for products already facing intense competition. These cost pressures may extend upstream to us and other API and intermediate suppliers, potentially leading to price adjustments throughout the supply chain. See also "Risk Factors — Risks Relating to Our Business and Industry — Pricing regulations or other policies such as volume-based procurement that are intended to reduce healthcare costs could subject us to pricing and volume pressures and adversely affect our operations, revenue and profitability."

Our Ability to Effectively Control Our Costs and Expenses

Our profitability depends in part on our ability to manage costs and enhance operating efficiency. As we strive to expand sales of our marketed products while pursuing effective cost control measures, we aim to maintain profitability while steadily increasing investment in our innovation-focused pipeline. Our cost of sales consists primarily of raw material costs, direct labor and manufacturing costs, the fluctuations in which may directly affect our gross profit margin. Our operating expenses include research and development expenses, administrative expenses, as well as selling and distribution expenses. Research and development expenses constituted a significant portion of our operating expenses throughout the Track Record Period, reflecting our commitment to advancing our drug candidates through various stages of development. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB248.6 million, RMB297.5 million and RMB304.9 million, respectively, accounting for 21.4%, 23.7% and 25.5% of our total revenue for the same periods. Going forward, as we endeavor to advance our innovative pipeline and enhance our drug development capabilities, we expect to continue incurring significant research and development expenses, which may affect our results of operations for 2026 and the subsequent years.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Our material accounting policies are important for understanding our financial condition and results of operations. The preparation of our historical financial information also requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. We continually evaluate these judgments and estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of judgments and estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations.

Revenue recognition (revenue from contracts with customers). Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Research and development expenditure. All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalized requires the use of judgements and estimation.

Other accounting policies, accounting judgments and estimates. See Note 2.3 and Note 3 to the Accountants' Report set out in Appendix I to this document.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

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

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Revenue	**1,163,623**	**1,254,868**	**1,198,205**
Cost of sales	(510,407)	(519,145)	(580,810)
Gross profit	**653,216**	**735,723**	**617,395**
Other income and gains	67,386	70,571	83,024
Selling and distribution expenses	(64,069)	(71,743)	(78,022)
Administrative expenses	(121,871)	(147,399)	(166,279)
Research and development expenses	(248,592)	(297,453)	(304,947)
Impairment losses on financial assets, net	(2,467)	(12,353)	(20,274)
Other expenses	(36,804)	(58,549)	(41,414)
Finance costs	(44,424)	(52,435)	(62,957)
Share of losses of associates	(13,605)	(9,162)	(12,617)
Profit/(Loss) before tax	**188,770**	**157,200**	**13,909**
Income tax (expense)/credit	(15,346)	(15,937)	23,045
Profit for the year	**173,424**	**141,263**	**36,954**
Attributable to:			
Owners of the parent	202,466	189,167	54,514
Non-controlling interests	(29,042)	(47,904)	(17,560)
	173,424	141,263	36,954

Revenue

We generated revenue primarily from the sales of pharmaceutical products, including APIs/intermediates and finished drug products, during the Track Record Period. See "Business — Our Product Portfolio — Our Marketed Products" for details. We also provided research and development services, which constituted a small portion of our revenue during the Track Record Period.

The following table sets forth the breakdown of our revenue by types of goods or services for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	947,363	81.4	1,047,914	83.5	968,855	80.9
Finished drug products	138,009	11.9	161,150	12.8	176,191	14.7
Subtotal	1,085,372	93.3	1,209,064	96.3	1,145,046	95.6
Research and development services	75,805	6.5	39,218	3.1	16,157	1.3
Others(1)	2,446	0.2	6,586	0.6	37,002	3.1
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Primarily representing licensing revenue and income from providing manufacturing services to third parties.

The following table sets forth the revenue contribution from our major marketed products that contributed over 5% of our revenue in any year of the Track Record Period, for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Micafungin sodium(1)	**159,315**	**13.7**	**217,904**	**17.3**	**169,978**	**14.2**
Finished drug products	49,872	4.3	69,265	5.5	72,042	6.0
APIs/Intermediates	109,443	9.4	148,639	11.8	97,936	8.2
Oseltamivir phosphate(1)	**331,644**	**28.5**	**202,090**	**16.1**	**112,920**	**9.5**
Finished drug products	78,495	6.7	64,343	5.1	66,595	5.6
APIs/Intermediates	253,149	21.8	137,747	11.0	46,325	3.9
Caspofungin acetate(1)	**84,937**	**7.3**	**119,327**	**9.5**	**108,729**	**9.1**
Finished drug products	227	0.0	—	—	—	—
APIs/Intermediates	84,710	7.3	119,327	9.5	108,729	9.1
Anidulafungin(2)	**48,921**	**4.2**	**119,735**	**9.5**	**106,477**	**8.9**
Fidaxomicin(2)	**52,591**	**4.5**	**87,006**	**6.9**	**64,983**	**5.4**
Eribulin mesylate(1)	**34,152**	**2.9**	**77,096**	**6.2**	**32,800**	**2.7**
Finished drug products	2,567	0.2	15,744	1.3	12,576	1.0
APIs/Intermediates	31,585	2.7	61,352	4.9	20,224	1.7
Pimecrolimus(2)	**19,569**	**1.7**	**37,003**	**2.9**	**63,250**	**5.3**
Dalbavancin(2)	**35,355**	**3.0**	**21,225**	**1.7**	**93,629**	**7.8**

Notes:

(1) Including revenue from the sales of both finished drug products and APIs/intermediates.

(2) Including revenue from the sales of APIs/intermediates only. During the Track Record Period, we did not sell these products in final dosage forms.

The following table sets forth a breakdown of our revenue by geographic area and distribution channel for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Chinese Mainland						
Direct sales[(1)]	470,283	40.4	325,726	26.0	288,733	24.1
Distributors	296,642	25.5	352,331	28.1	389,761	32.5
Subtotal	766,925	65.9	678,057	54.0	678,494	56.6
Outside Chinese Mainland						
Direct sales[(1)]	302,626	26.0	364,448	29.0	355,233	29.6
Distributors	94,072	8.1	212,363	16.9	164,478	13.7
Subtotal	396,698	34.1	576,811	46.0	519,711	43.4
Total	**1,163,623**	**100.0**	**1,254,868**	**100.0**	**1,198,205**	**100.0**

Note:

(1) Our direct sales primarily represent sales of APIs and intermediates to downstream pharmaceutical companies, both domestically and overseas.

Cost of Sales

Our cost of sales primarily consists of (i) raw material costs and (ii) direct labor and manufacturing costs. The following table sets forth the breakdown of our cost of sales by nature for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Raw material costs	325,433	63.7	274,889	52.9	250,188	43.1
Direct labor and manufacturing costs	163,180	32.0	223,538	43.1	302,113	52.0
Others	21,794	4.3	20,718	4.0	28,509	4.9
Total	**510,407**	**100.0**	**519,145**	**100.0**	**580,810**	**100.0**

The following table sets forth a breakdown of our cost of sales by types of goods or services for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	443,037	86.8	440,293	84.8	446,624	76.9
Finished drug products	45,576	8.9	58,134	11.2	105,677	18.2
Subtotal	488,613	95.7	498,427	96.0	552,301	95.1
Research and development services	20,976	4.1	18,174	3.5	6,804	1.2
Others[(1)]	818	0.2	2,544	0.5	21,705	3.7
Total	**510,407**	**100.0**	**519,145**	**100.0**	**580,810**	**100.0**

Note:

(1) Primarily representing cost of sales related to our licensing revenue and income from providing manufacturing services to third parties.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Gross profit margin represents gross profit as a percentage of revenue. For the years ended December 31, 2023, 2024 and 2025, our gross profit amounted to RMB653.2 million, RMB735.7 million and RMB617.4 million, respectively, representing a gross profit margin of 56.1%, 58.6% and 51.5%, respectively.

The following table sets forth our gross profit and gross profit margin by types of goods or services for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Product sales						
APIs and intermediates	504,326	53.2	607,621	58.0	522,231	53.9
— Micafungin sodium	86,849	79.4	119,469	80.4	74,400	76.0
— Oseltamivir phosphate	94,886	37.5	55,932	40.6	5,255	11.3
— Other products	322,591	55.2	432,220	56.8	442,576	53.7
Finished drug products	92,433	67.0	103,016	63.9	70,514	40.0
— Micafungin sodium	42,255	84.7	59,582	86.0	52,708	73.2
— Oseltamivir phosphate	49,199	62.7	29,676	46.1	11,920	17.9
— Other products	979	10.2	13,758	50.0	5,886	15.7
Subtotal	596,759	55.0	710,637	58.8	592,745	51.8
Research and development services	54,829	72.3	21,044	53.7	9,353	57.9
Others[(1)]	1,628	66.6	4,042	61.4	15,297	41.3
Total	**653,216**	**56.1**	**735,723**	**58.6**	**617,395**	**51.5**

Note:

(1) Primarily representing gross profit and gross profit margin related to our licensing revenue and income from providing manufacturing services to third parties.

The following table sets forth a breakdown of our gross profit and gross profit margin by geographic area and distribution channel for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Chinese Mainland						
Direct sales[(1)]	226,026	48.1	142,903	43.9	116,580	40.4
Distributors	153,185	51.6	182,819	51.9	176,441	45.3
Subtotal	379,211	49.4	325,722	48.1	293,021	43.2
Outside Chinese Mainland						
Direct sales[(1)]	208,222	68.8	258,211	70.9	219,941	61.9
Distributors	65,783	69.9	151,790	71.5	104,433	63.5
Subtotal	274,005	69.1	410,001	71.0	324,374	62.4
Total	**653,216**	**56.1**	**735,723**	**58.6**	**617,395**	**51.5**

Note:

(1) Our direct sales primarily represent sales of APIs and intermediates to downstream pharmaceutical companies, both domestically and overseas.

Other Income and Gains

Our other income and gains primarily consist of (i) government grants, primarily representing R&D project grants and industry development support subsidies received from local governmental authorities in recognition of our innovation efforts, (ii) rental income, (iii) bank interest income, (iv) net foreign exchange differences, and (v) fair value gains of financial instruments at FVTPL. The amount and timing of government grants are subject to the policies and discretion of the relevant governmental authorities, and we cannot assure you that we will continue to receive government grants at a similar level or at all in the future. The following table sets forth the breakdown of our other income and gains for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Other income						
Government grants	30,088	44.6	29,804	42.3	38,466	46.4
Bank interest income	17,991	26.7	10,964	15.5	5,547	6.7
Rental income	15,894	23.6	27,684	39.2	25,435	30.6
Others	810	1.2	200	0.3	403	0.5
Total other income	64,783	96.1	68,652	97.3	69,851	84.2
Gains						
Foreign exchange differences, net	2,603	3.9	1,919	2.7	6,093	7.3
Fair value gains of financial instruments at FVTPL	—	—	—	—	7,080	8.5
Total gains	2,603	3.9	1,919	2.7	13,173	15.8
Total	**67,386**	**100.0**	**70,571**	**100.0**	**83,024**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) marketing expenses, which primarily consist of the expenses associated with market research and various marketing and promotion activities, (ii) staff costs, consisting of salaries, share-based compensation, and other benefits for our in-house sales and marketing staff, and (iii) travel and conference expenses, including expenses for hosting and participating in different levels of academic conferences, seminars and symposia. The following table sets forth the breakdown of our selling and distribution expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Marketing expenses	53,196	83.1	55,668	77.6	60,707	77.9
Staff costs	9,158	14.3	13,353	18.6	14,225	18.2
Travel and conference expenses	1,115	1.7	2,073	2.9	1,730	2.2
Others	600	0.9	649	0.9	1,360	1.7
Total	**64,069**	**100.0**	**71,743**	**100.0**	**78,022**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, consisting of salaries, share-based compensation, and other benefits for our managerial and administrative staff, (ii) travel expenses, office expenses and general operating expenses, (iii) consulting, professional and other service expenses, (iv) depreciation and amortization of property, plant and equipment and right-of-use assets, and (v) taxes and surcharges. The following table sets forth the breakdown of our administrative expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Staff costs	53,063	43.5	69,450	47.1	75,580	45.5
Travel expenses, office expenses and general operating expenses	18,872	15.5	21,777	14.8	21,853	13.1
Consulting, professional and other service expense	19,514	16.0	22,728	15.4	21,906	13.2
Depreciation and amortization	15,428	12.7	15,274	10.4	23,466	14.1
Taxes and surcharges	5,712	4.7	8,420	5.7	13,030	7.8
Others	9,282	7.6	9,750	6.6	10,444	6.3
Total	**121,871**	**100.0**	**147,399**	**100.0**	**166,279**	**100.0**

Research and Development Expenses

Our research and development expenses primarily consist of (i) staff costs, consisting of salaries, share-based compensation, and other benefits for our R&D personnel, (ii) clinical trial and testing expenses primarily associated with our development of our product candidates, (iii) cost of materials, which primarily consists of costs of reagents and consumables used in our R&D activities, and (iv) depreciation and amortization of property, plant and equipment and right-of-use assets used in our R&D activities.

Our research and development expenses does not include capitalized development costs. See "Appendix I — Material Accounting Policies — Research and development expenditures" for details. The following table sets forth the breakdown of our research and development expenses for the years indicated:

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Staff costs	81,904	32.9	88,943	29.9	84,344	27.8
Clinical trial and testing expenses	67,902	27.3	93,705	31.5	129,098	42.3
Cost of materials	64,129	25.8	75,751	25.5	48,626	15.9
Depreciation and amortization	19,816	8.0	24,146	8.1	25,445	8.3
Others	14,841	6.0	14,908	5.0	17,434	5.7
Total	**248,592**	**100.0**	**297,453**	**100.0**	**304,947**	**100.0**

Impairment Losses on Financial Assets, Net

Our impairment losses or reversals of impairment losses on financial assets represent the expected credit losses or reversals of the expected credit losses on our trade and bills receivables and other receivables. We recorded net impairment losses of RMB2.5 million, RMB12.4 million and RMB20.3 million in 2023, 2024 and 2025, respectively.

Other Expenses

Our other expenses primarily consist of (i) write-down of inventories to net realisable value, (ii) rental cost, and (iii) fair value losses on financial instruments at FVTPL. We incurred other expenses of RMB36.8 million, RMB58.5 million and RMB41.4 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Finance Costs

Our finance costs primarily represent interest on bank borrowings as well as lease liabilities. For the years ended December 31, 2023, 2024 and 2025, our finance costs amounted to RMB44.4 million, RMB52.4 million and RMB63.0 million, respectively.

Share of Losses of Associates

For the years ended December 31, 2023, 2024 and 2025, our share of losses of associates amounted to RMB13.6 million, RMB9.2 million and RMB12.6 million, respectively. Share of losses of associates primarily represented our share of losses of Oralead Pharma and PT Anvita Pharma Indonesia, both of which were still at an early stage of operations and had not yet achieved profitability as of the Latest Practicable Date.

Income Tax (Expense)/Credit

We recorded income tax expense of RMB15.3 million and RMB15.9 million for the years ended December 31, 2023 and 2024, respectively, and an income tax credit of RMB23.0 million for the year ended December 31, 2025. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or unresolved tax issues with the relevant tax authorities. We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the Corporate Income Tax Law which was approved and became effective on January 1, 2008. Our Company and certain subsidiaries of us were qualified as a High and New Technology Enterprise to enjoy a preferential income tax rate of 15% during the Track Record Period. The qualification is subject to review by the relevant tax authority in Chinese Mainland for every three years. In addition, certain subsidiaries operating in Chinese Mainland were entitled to preferential tax rates of 2.5% to 5% during the Track Record Period due to their designation as "small-scaled minimal profit enterprises" during the corresponding period.

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared to Year ended December 31, 2024

Revenue

Our revenue decreased by 4.5% from RMB1,254.9 million in 2024 to RMB1,198.2 million in 2025, primarily reflecting lower sales across several major marketed products. The decrease was primarily attributable to (i) a decline in revenue from oseltamivir phosphate APIs/intermediates, reflecting ongoing price compression following oseltamivir phosphate's inclusion in the VBP scheme and intensified market competition from a growing number of generic products, (ii) a decrease in revenue from micafungin sodium APIs/intermediates, primarily because procurement by customers in 2024 was elevated as they built up inventories in preparation for product commercialization, (iii) a decrease in revenue from eribulin mesylate APIs/intermediates as customer demand normalized following initial stocking for the U.S. market launch in 2024, and (iv) a decrease in revenue from fidaxomicin APIs, primarily as customer procurement normalized following elevated demand in 2024 driven by the expiry of the originator drug's core compound patent in the U.S.

Cost of Sales

Our cost of sales increased by 11.9% from RMB519.1 million in 2024 to RMB580.8 million in 2025, primarily due to an increase in direct labor and manufacturing costs from RMB223.5 million to RMB302.1 million. This increase was mainly attributable to the continued ramp-up of production lines at our Suzhou facilities, requiring additional staffing and overhead expenditure. This increase was partially offset by a decrease in raw material costs from RMB274.9 million to RMB250.2 million, reflecting changes in product mix and lower procurement volumes.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 16.1% from RMB735.7 million in 2024 to RMB617.4 million in 2025. Our gross profit margin decreased from 58.6% in 2024 to 51.5% in 2025. This decrease primarily reflected the combined impact of margin compression and changes in revenue mix across multiple marketed products, including (i) the continued decline in the gross profit margin of oseltamivir phosphate following its inclusion in the VBP scheme, and (ii) a decrease in revenue contribution from certain higher-margin APIs/intermediates, such as micafungin sodium, eribulin mesylate and anidulafungin.

The gross profit margin of our APIs and intermediates decreased from 58.0% in 2024 to 53.9% in 2025, primarily reflecting margin compression and revenue mix changes across multiple API/intermediate products, including (i) the decline in the gross profit margin of oseltamivir phosphate APIs/intermediates from 40.6% in 2024 to 11.3% in 2025, primarily reflecting ongoing price compression following oseltamivir phosphate's inclusion in the VBP scheme, and (ii) a decrease in revenue contribution from certain higher-margin APIs/intermediates, such as micafungin sodium, eribulin mesylate and anidulafungin. The gross profit margin of our finished drug products decreased from 63.9% in 2024 to 40.0% in 2025, reflecting margin compression across our finished drug product portfolio, primarily attributable to (i) the decline in the gross profit margin of oseltamivir phosphate finished drug products from 46.1% in 2024 to 17.9% in 2025, and (ii) a decrease in the gross profit margin of micafungin sodium finished drug products from 86.0% in 2024 to 73.2% in 2025, primarily due to pricing pressure amid an increasingly competitive market landscape.

Other Income and Gains

Our other income and gains increased by 17.6% from RMB70.6 million in 2024 to RMB83.0 million in 2025, primarily due to (i) an increase of RMB8.7 million in government grants, primarily attributable to the receipt of additional R&D project grants from local governmental authorities, and (ii) an increase of RMB7.1 million in fair value gains on financial instruments at FVTPL. These increases were partially offset by a decrease in interest income, mainly due to a decrease in average bank balances in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 8.8% from RMB71.7 million in 2024 to RMB78.0 million in 2025, primarily due to an increase in promotional, consulting and exhibition-related expenses as we enhanced our marketing efforts for micafungin sodium and other marketed products to capture market share.

Administrative Expenses

Our administrative expenses increased by 12.8% from RMB147.4 million in 2024 to RMB166.3 million in 2025, primarily due to (i) an increase of RMB8.2 million in depreciation and amortization following the completion of our Suzhou facilities' construction in December 2024, and (ii) an increase of RMB6.1 million in staff costs, mainly attributable to the recognition of share-based compensation expenses in relation to our employee incentive awards granted in 2025.

Research and Development Expenses

Our research and development expenses remained stable at RMB297.5 million in 2024 and RMB304.9 million in 2025.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets increased by 64.1% from RMB12.4 million in 2024 to RMB20.3 million in 2025, primarily due to our prudent assessment of the recoverability of certain aged trade receivables, resulting in additional expected credit loss provisions.

Other Expenses

Our other expenses decreased by 29.3% from RMB58.5 million in 2024 to RMB41.4 million in 2025, primarily due to a decrease of RMB8.2 million in fair value losses on financial instruments at FVTPL due to improved performance of equity investments.

Finance Costs

Our finance costs increased by 20.1% from RMB52.4 million in 2024 to RMB63.0 million in 2025, primarily due to a decrease of RMB10.2 million in capitalized interest, as the construction of our Suzhou facilities was completed in December 2024 and the related borrowing costs ceased to be capitalized in 2025.

Share of Losses of Associates

Our share of losses of associates increased by 37.7% from RMB9.2 million in 2024 to RMB12.6 million in 2025, primarily due to the recognition of losses from a newly added associate during 2025.

Income Tax (Expense)/Credit

We recorded income tax expense of RMB15.9 million in 2024 and income tax credit of RMB23.0 million in 2025, primarily due to changes in profit before tax.

Profit for the Year

As a result of the foregoing, we recorded profit for the year of RMB141.3 million in 2024 and RMB37.0 million in 2025.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 7.8% from RMB1,163.6 million in 2023 to RMB1,254.9 million in 2024, primarily driven by increased sales of certain major marketed products, including micafungin sodium, eribulin mesylate and anidulafungin, which reflected (i) growing market penetration of our finished drug products, driven by growing demand and our effective marketing efforts, and (ii) higher demand for our APIs/intermediates from downstream customers preparing for commercialization and drug manufacturing. This increase in revenue was partially offset by reduced sales of oseltamivir phosphate, which was primarily due to lower flu incidence and continuously declining average selling price following the implementation of China's national VBP schemes applicable to oseltamivir phosphate products in the PRC market, which commenced in November 2022 for capsules and in July 2023 for powder for oral suspension.

Cost of Sales

Our cost of sales remained stable at RMB510.4 million in 2023 and RMB519.1 million in 2024 despite an increase in revenue, primarily because the higher direct labor and manufacturing costs associated with higher sales were substantially offset by lower raw materials cost resulting from changes in product mix.

Gross Profit and Gross Profit Margin

Our gross profit increased by 12.6% from RMB653.2 million in 2023 to RMB735.7 million in 2024. Our gross profit margin increased from 56.1% in 2023 to 58.6% in 2024, primarily due to a shift in revenue mix towards higher-margin products, such as micafungin sodium, eribulin mesylate and anidulafungin. Meanwhile, the revenue contribution from oseltamivir phosphate, which carried a relatively lower gross profit margin, decreased from 28.5% of total revenue in 2023 to 16.1% in 2024.

The gross profit margin of our APIs and intermediates increased from 53.2% in 2023 to 58.0% in 2024, primarily driven by (i) a shift in product mix towards higher-margin products, such as micafungin sodium, eribulin mesylate and anidulafungin, and (ii) the reduced revenue contribution from oseltamivir phosphate APIs/intermediates, which carried a relatively lower gross profit margin. The gross profit margin of our finished drug products decreased from 67.0% in 2023 to 63.9% in 2024, reflecting changes in margin and product mix across our finished drug product portfolio, primarily attributable to the decline in the gross profit margin of oseltamivir phosphate finished drug products from 62.7% in 2023 to 46.1% in 2024, following the inclusion of oseltamivir phosphate powder for oral suspension in the VBP scheme, the results of which were implemented in July 2023 and led to substantial price reductions. This decrease was partially offset by the increased revenue contribution from micafungin sodium for injection, which carried a higher gross profit margin.

Other Income and Gains

Our other income and gains increased by 4.7% from RMB67.4 million in 2023 to RMB70.6 million in 2024, primarily due to higher rental income. The increase was mainly attributable to the recognition of full-year rental income in 2024, compared with only seven months in 2023, as one of our subsidiaries commenced leasing certain facilities and equipment in 2023.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 12.0% from RMB64.1 million in 2023 to RMB71.7 million in 2024, primarily due to (i) an increase of RMB4.2 million in staff costs, resulting from the expansion of our sales team and enhanced marketing activities to support our overall business growth, and (ii) an increase of RMB2.5 million in marketing expenses, mainly attributable to enhanced promotional campaigns and brand-building efforts to strengthen market awareness.

Administrative Expenses

Our administrative expenses increased by 20.9% from RMB121.9 million in 2023 to RMB147.4 million in 2024, primarily due to an increase of RMB16.4 million in staff costs, mainly attributable to personnel costs incurred in the second half of 2024 following the completion of our Suzhou facilities' construction, for which related costs were previously capitalized to property, plant and equipment during the construction phase.

Research and Development Expenses

Our research and development expenses increased by 19.7% from RMB248.6 million in 2023 to RMB297.5 million in 2024, primarily due to an increase of RMB25.8 million in clinical trial and testing expenses, as we continued to advance the development of BGM0504 and other pipeline products. In 2023 and 2024, our research and development expenses attributable to BGM0504 amounted to RMB32.1 million and RMB72.1 million, respectively, representing 12.9% and 24.2% of our total research and development expenses for the corresponding periods.

Impairment Losses on Financial Assets, Net

Our impairment losses on financial assets increased significantly from RMB2.5 million in 2023 to RMB12.4 million in 2024, mainly attributable to (i) increase in trade and bills receivables as a result of higher sales, and (ii) our prudent assessment of the recoverability risk associated with certain aged trade receivables, resulting in additional expected credit loss provisions.

Other Expenses

Our other expenses increased by 59.1% from RMB36.8 million in 2023 to RMB58.5 million in 2024, primarily due to (i) an increase of RMB14.8 million in rental costs, which reflected full-year expense recognition in 2024 compared to seven months in 2023, as the lease commenced during 2023, and (ii) an increase of RMB6.1 million in fair value losses on financial instruments at FVTPL. These increases were partially offset by a decrease of RMB5.0 million in write-downs of inventories to net realizable value as a result of our enhanced inventory management.

Finance Costs

Our finance costs increased by 18.0% from RMB44.4 million in 2023 to RMB52.4 million in 2024, primarily due to an increase of RMB8.0 million in interest on bank borrowings and other borrowings resulting from higher borrowing balances.

Share of Losses of Associates

Our share of losses of associates decreased by 32.7% from RMB13.6 million in 2023 to RMB9.2 million in 2024, primarily due to a lower share of investment losses from associates as its operating performance improved.

Income Tax Expense

Our income tax expense remained stable at RMB15.3 million and RMB15.9 million in 2023 and 2024, respectively.

Profit for the Year

As a result of the foregoing, we recorded profit for the year of RMB173.4 million in 2023 and RMB141.3 million in 2024.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

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

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
NON-CURRENT ASSETS			
Property, plant and equipment	2,484,541	2,726,846	2,771,728
Investment properties	62,454	59,566	56,684
Right-of-use assets	101,806	87,195	83,585
Goodwill	7,500	3,120	—
Other intangible assets	26,017	38,172	315,744
Investment in associates	43,490	39,043	122,791
Equity investments designated at FVTOCI	110,700	86,196	113,171
Financial assets at fair value through profit or loss ("**FVTPL**")	271,666	311,821	435,122
Deferred tax assets	34,453	62,201	94,679
Prepayments, other receivables and other assets	41,638	98,562	42,835
Total non-current assets	3,184,265	3,512,722	4,036,339
CURRENT ASSETS			
Inventories	344,628	364,615	364,253
Trade and bills receivables	308,875	339,504	330,001
Prepayments, other receivables and other assets	116,326	170,459	128,170
Amounts due from related parties	21,246	347	5,014
Financial assets at FVTPL	50,617	—	—
Pledged deposits	27,005	11,251	6,001
Cash and cash equivalents	971,041	754,102	955,063
Total current assets	1,839,738	1,640,278	1,788,502
CURRENT LIABILITIES			
Trade and bills payables	142,161	189,625	125,696
Other payables and accruals	166,370	168,413	233,045
Derivative financial instruments	2,234	3,735	7,070
Interest-bearing bank borrowings	554,803	632,220	869,369
Lease liabilities	16,101	13,692	8,831
Contract liabilities	24,003	28,019	25,560
Amounts due to related parties	2,532	—	128
Income tax payable	14,043	16,683	10,606
Total current liabilities	922,247	1,052,387	1,280,305
NET CURRENT ASSETS	**917,491**	**587,891**	**508,197**
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,101,756**	**4,100,613**	**4,544,536**
NON-CURRENT LIABILITIES			
Convertible bonds	430,261	455,344	462,801
Interest-bearing bank borrowings	1,184,658	1,109,933	718,033
Lease liabilities	21,011	10,207	10,208
Deferred tax liabilities	3,518	—	—
Deferred income	56,070	84,710	107,547
Other long-term payables	—	14,389	114,264
Contract liabilities	—	—	90,330
Bonds payables	—	—	195,177
Total non-current liabilities	1,695,518	1,674,583	1,698,360
NET ASSETS	**2,406,238**	**2,426,030**	**2,846,176**

Property, Plant and Equipment

Our property, plant and equipment consist of buildings, machinery, motor vehicles, electronic and other equipment, experimental equipment, leasehold improvements and construction in progress. Our property, plant and equipment increased from RMB2,484.5 million as of December 31, 2023 to RMB2,726.8 million as of December 31, 2024 and further to RMB2,771.7 million as of December 31, 2025. The overall increase was primarily attributable to the completion and capitalization of production lines, warehouses and ancillary facilities at our manufacturing sites, as well as continued investment in new manufacturing and R&D facilities.

Right-of-use Assets

Our right-of-use assets represent leases of plant and office premises and leasehold land. Our right-of-use assets decreased from RMB101.8 million as of December 31, 2023 to RMB87.2 million as of December 31, 2024, and further decreased to RMB83.6 million as of December 31, 2025, primarily due to the depreciation of the right-of-use assets, partially offset by the additions of right-of-use assets to support our operations.

Other Intangible Assets

Our other intangible assets represent our software, patents, proprietary technology, and capitalized development costs. Our other intangible assets increased from RMB26.0 million as of December 31, 2023 to RMB38.2 million as of December 31, 2024 and to RMB315.7 million as of December 31, 2025, mainly attributable to the capitalization of development costs related to our clinical-stage product candidates that were not yet available for use and not subject to amortization.

Financial Assets at FVTPL

Our financial assets at FVTPL consist of wealth management products and other unlisted fund investments at fair value, which comprise current portion and non-current portion. The following table sets forth the breakdown of our financial assets at FVTPL as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	(RMB in thousands)		
Current:			
Wealth management products	50,617	—	—
Non-current:			
Unlisted equity investment, at fair value	—	—	20,000
Unlisted fund investments, at fair value	271,666	311,821	415,122
Total	**322,283**	**311,821**	**435,122**

As part of our cash management policy, we invest in wealth management products to better utilize our idle cash without interfering with our business operations or capital expenditures. During the Track Record Period, we purchased low-risk wealth management products issued by reputable financial institutions, with a floating return being paid together with the principal on the maturity date, which were recognized as financial assets at FVTPL.

Our unlisted equity and fund investments at fair value primarily represent investments in early-stage innovative pharmaceutical and biotechnology companies. We make such investments on a selective basis, taking into account the growth potential of the investees' product pipelines as well as their potential complementarity or synergy with our own business development. We have established rigorous decision-making procedures and internal control systems to assess and monitor such investments to manage the related risks appropriately.

To monitor and control the investment risks associated with our financial assets at FVTPL, we have adopted a comprehensive set of internal policies and guidelines to manage our investments in these assets. We make investment decisions based on our estimated capital requirements and our annual budget, taking into account the duration, expected returns and risks of the wealth management product. We generally limit our purchases to low-risk products which are redeemable on demand. After [REDACTED], we may continue to invest in low-risk wealth management products and other financial assets based on our operational needs, strictly in accordance with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Inventories

Our inventories consist of raw materials, work in progress and finished goods. The following table sets forth our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Raw materials	45,059	43,134	55,563
Work in progress	128,749	160,637	162,109
Finished goods	170,820	160,844	146,581
Total	**344,628**	**364,615**	**364,253**

Our inventories increased from RMB344.6 million as of December 31, 2023 to RMB364.6 million as of December 31, 2024, primarily due to an increase in work in progress from RMB128.7 million to RMB160.6 million as we increased production volumes for certain marketed products, such as dalbavancin, in anticipation of market demand, in particular following the gradual ramp-up of production capacity at our manufacturing facilities. Our inventories remained stable at RMB364.3 million as of December 31, 2025. Write-down provisions are made for our inventories in accordance with our accounting policies where appropriate.

The following table summarizes an aging analysis of our inventories as of the date indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	273,200	311,354	302,534
Over 1 year	71,428	53,261	61,719
Total	**344,628**	**364,615**	**364,253**

Our inventory turnover days, calculated by dividing the arithmetic mean of the opening and ending balance of inventories by cost of sales for the relevant year and then multiplying by the number of days for that year, were 236 days, 270 days and 256 days for the years ended December 31, 2023, 2024 and 2025, respectively. Our inventory turnover days increased from 236 days in 2023 to 270 days in 2024, primarily due to increased production volumes for certain marketed products in anticipation of market demand, which led to a higher level of work in progress, while our cost of sales remained relatively stable. Our inventory turnover days decreased from 270 days in 2024 to 256 days in 2025, primarily driven by stronger sales of certain products, including dalbavancin and pimecrolimus, which accelerated the utilization of inventories.

As of March 31, 2026, 46.0%, or RMB192.2 million of our inventories as of December 31, 2025 was subsequently utilized.

Trade and Bills Receivables

Our trade and bills receivables represent outstanding amounts due from our customers. The following table sets forth a breakdown of our trade and bills receivables as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Trade receivables	308,064	364,431	368,437
Bills receivables at amortized cost	2,365	1,402	200
Bills receivables at FVTOCI	23,532	10,326	13,378
Impairment	(25,086)	(36,655)	(52,014)
Total	**308,875**	**339,504**	**330,001**

The following table summarizes an aging analysis of our trade and bills receivables as of the date indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	294,007	330,478	305,208
1 to 2 years	9,607	4,909	22,806
2 to 3 years	5,261	4,117	1,987
Total	**308,875**	**339,504**	**330,001**

Our trade and bills receivables increased from RMB308.9 million as of December 31, 2023 to RMB339.5 million as of December 31, 2024, generally in line with our business expansion. Our trade and bills receivables decreased from RMB339.5 million as of December 31, 2024 to RMB330.0 million as of December 31, 2025, primarily due to higher impairment provisions recognized in 2025. Trade and bills receivables aged from one to two years increased from RMB4.9 million as of December 31, 2024 to RMB22.8 million as of December 31, 2025, primarily reflecting extended payment timelines as we facilitated amended settlement arrangements with certain customers, taking into account their short-term liquidity needs while preserving long-standing business relationships. We continue to actively engage with these customers to expedite settlement, in line with our established credit risk management policies. Our Directors are of the view that the outstanding receivables are not expected to have a material adverse impact on our overall financial position, considering the insignificant amounts involved and the impairment provisions already made in accordance with our accounting policies. See also "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital — We are subject to credit risk in relation to our trade and bills receivables."

For the years ended December 31, 2023, 2024 and 2025, our trade and bills receivables turnover days, calculated by dividing the arithmetic mean of the opening and ending balance of trade and bills receivables by revenue for the relevant year and then multiplying by number of days for that year, amounted to 103 days, 102 days and 114 days. Our trade and bills receivables turnover days remained stable in 2024 and increased moderately in 2025, primarily reflecting timing differences between sales and collection cycles.

As of March 31, 2026, 48.7%, or RMB179.4 million of our trade and bills receivables as of December 31, 2025 had been subsequently settled.

Prepayments, Other Receivables and Other Assets

The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Current			
Prepayments	53,725	112,599	66,497
Deferred [REDACTED]	—	—	21,032
Tax recoverable	59,157	56,374	38,685
Deposit	4,773	4,628	5,796
Other receivables	822	1,003	893
Impairment allowance	(2,151)	(4,145)	(4,733)
Total	**116,326**	**170,459**	**128,170**
Non-Current			
Prepayments for property, plant and equipment	38,109	16,462	15,777
Prepayments for equity investments	3,529	—	—
Intention payments for the purchase of non-controlling interests in a subsidiary	—	80,000	—
Deposits	—	2,100	7,100
Tax recoverable	—	—	19,958
Total	**41,638**	**98,562**	**42,835**

The current portion of our prepayments, other receivables and other assets increased from RMB116.3 million as of December 31, 2023 to RMB170.5 million as of December 31, 2024, primarily due to an increase in prepayments for R&D services as several pipeline programs, including BGM0504, progressed into later-stage clinical trials, which typically required higher advance payments for clinical trial services and drug manufacturing. The current portion of our prepayments, other receivables and other assets then decreased to RMB128.2 million as of December 31, 2025, primarily due to the provision of R&D services by the suppliers.

The non-current portion of our prepayments, other receivables and other assets increased from RMB41.6 million as of December 31, 2023 to RMB98.6 million as of December 31, 2024, mainly due to the intent deposit for the purchase of non-controlling interests in a subsidiary. The non-current portion of our prepayments, other receivables and other assets decreased from RMB98.6 million as of December 31, 2024 to RMB42.8 million as of December 31, 2025, primarily due to the completion of the purchase and the settlement of the aforementioned intent deposit.

As of March 31, 2026, 29.2%, or RMB37.5 million of the current portion of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Cash and Cash Equivalents

Most of our cash and cash equivalents are denominated in Renminbi, with the remaining denominated in U.S. dollars or other currencies. Our cash and cash equivalents decreased from RMB971.0 million as of December 31, 2023 to RMB754.1 million as of December 31, 2024, primarily due to our continuous investment in the clinical development of our pipeline products, as well as capital expenditures in connection with our manufacturing and R&D facilities. Our cash and cash equivalents increased from RMB754.1 million as of December 31, 2024 to RMB955.1 million as of December 31, 2025, primarily due to capital injection by non-controlling interests.

Trade and Bills Payables

Our trade and bills payables primarily include amounts due to suppliers for the purchase of raw materials and R&D services. The following table sets forth an aging analysis of trade and bills payables based on the invoice dates as of the dates indicated:

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Within 1 year	138,973	187,998	125,122
1 to 2 years	2,719	477	91
2 to 3 years	232	688	45
Over 3 years	237	462	438
Total	**142,161**	**189,625**	**125,696**

Our trade and bills payables increased from RMB142.2 million as of December 31, 2023 to RMB189.6 million as of December 31, 2024, primarily due to an increase in purchase of raw materials and R&D services as we expanded our R&D and manufacturing activities. Our trade and bills payables decreased to RMB125.7 million as of December 31, 2025, primarily attributable to the settlement of outstanding payables.

Our trade payable turnover days, which are calculated by dividing the arithmetic mean of the opening and ending balance of trade and bills payables by cost of sales for the relevant year, multiplied by the number of days for that year, amounted to 88 days, 123 days and 125 days for the years ended December 31, 2023, 2024 and 2025, respectively. Our trade payable turnover days increased from 88 days to 123 days in 2024, primarily because we extended the credit terms negotiated with certain major suppliers. Our trade payable turnover days remained stable at 123 days in 2024 and 125 days in 2025.

As of March 31, 2026, 78.7%, or RMB83.5 million of our trade payables as of December 31, 2025 had been subsequently settled.

Other Payables and Accruals

The following table sets forth the details of our other payables and accruals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(RMB in thousands)	
Current			
Payroll payable	49,127	51,809	56,171
Other payables	27,372	23,538	29,005
Other tax payables	3,855	9,969	11,618
Payables relating to purchases of items of property, plant and equipment	86,016	76,378	57,037
Payables related to sale and leaseback arrangements[(1)]	—	6,719	61,273
Payables related to factoring	—	—	15,840
Accrued [REDACTED]	—	—	2,101
Subtotal	**166,370**	**168,413**	**233,045**
Non-current			
Payables related to sale and leaseback arrangements[(1)]	—	14,389	101,808
Payables related to factoring	—	—	12,456
Subtotal	**—**	**14,389**	**114,264**
Total	**166,370**	**182,802**	**347,309**

Note:

(1) To better manage our capital structure and financing needs, we entered into sale and leaseback arrangements in relation to certain machineries used in our manufacturing operations, pursuant to which we sold such machineries to leasing companies and leased them back for terms of three years at fixed rental payments.

Our other payables and accruals increased from RMB166.4 million as of December 31, 2023 to RMB182.8 million as of December 31, 2024, mainly due to increases in payroll payable and other tax payables and payables related to sale and leaseback arrangements, partially offset by a further decline in payables related to property, plant and equipment purchases as ongoing projects approached completion. Our other payables and accruals further increased to RMB347.3 million as of December 31, 2025, primarily attributable to higher balances of payables related to sale and leaseback arrangements.

As of March 31, 2026, 55.1%, or RMB128.3 million of the current portion of our other payables and accruals as of December 31, 2025 had been subsequently settled.

BUSINESS SUSTAINABILITY

During the Track Record Period, our revenue was primarily derived from sales of generic drug products and APIs/intermediates, covering a wide range of therapeutic areas including infectious diseases, immunology and oncology. For the years ended December 31, 2023, 2024 and 2025, our revenue amounted to RMB1,163.6 million, RMB1,254.9 million and RMB1,198.2 million, respectively. Our profit amounted to RMB173.4 million, RMB141.3 million and RMB37.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

As further elaborated below, our historical financial performance was principally attributable to (i) the varying revenue contributions and sales performance of individual products in our portfolio; (ii) price movements of marketed products across generic drug life cycles, particularly following inclusion in VBP schemes in China; and (iii) our continued investment in research and development and its impact on our overall cost structure.

Reasons Underlying Fluctuations in Historical Financial Performance

- ***Revenue Performance Across a Diversified Product Portfolio***

  During the Track Record Period, the majority of our revenue was derived from eight major marketed products. For details, see "Business — Our Product Portfolio — Our Marketed Products." As our product portfolio spans multiple therapeutic areas, the performance of individual products may fluctuate in response to market-specific factors such as disease incidence, competitive landscape, pricing trends, and product life-cycle dynamics, which in turn affect our overall revenue profile. Our historical revenue accordingly reflects the aggregate contribution of our marketed products.

  Notably, our sales from oseltamivir phosphate continuously declined during the Track Record Period, which negatively affected our overall revenue. We generated RMB331.6 million, RMB202.1 million and RMB112.9 million from sales of oseltamivir phosphate for the years ended December 31, 2023, 2024 and 2025, respectively, representing 28.5%, 16.1%, and 9.5% of our total revenue for the respective years. As an antiviral drug indicated for the treatment and prophylaxis of influenza A and B infections, market demand for oseltamivir phosphate is closely correlated with flu incidence, and the decline in our sales from oseltamivir phosphate was compounded by growing market competition and pricing pressure, as further discussed below. This pattern is consistent with that experienced by other generic oseltamivir phosphate manufacturers, according to CIC.

  By comparison, our revenue from other major marketed products, such as micafungin sodium, caspofungin acetate, and anidulafungin — all antifungal agents — and eribulin mesylate — an oncology therapy — was underpinned by more stable underlying disease incidence patterns, among other factors, and exhibited steadier sales performance during the Track Record Period compared to oseltamivir phosphate.

- ***Generic Drug Life Cycle, VBP-Driven Price Adjustments, and Margin Impact***

  Substantially all of our revenue during the Track Record Period was generated from generic drug products. According to CIC, the life cycle of generic drugs typically follows a trajectory of gradual price decline over time, particularly following inclusion in VBP schemes. In addition to immediately affecting pricing strategy, VBP inclusion can also exert sustained downward pressure on average selling prices in subsequent years. This structural dynamic affects all generic drug manufacturers and informs our strategic emphasis on innovative drugs and geographically diversified marketing efforts, both of which are less susceptible to VBP-driven pricing pressures. See "Industry Overview — Life Cycle of Generic Drug Products" for details.

  Our gross profit margin during the Track Record Period — 56.1%, 58.6% and 51.5% for 2023, 2024 and 2025, respectively — was primarily shaped by shifts in product mix and the declining average selling prices of certain marketed products, most notably oseltamivir phosphate following the implementation of China's national VBP schemes applicable to oseltamivir phosphate products in the PRC market, which commenced in November 2022 for capsules and in July 2023 for powder for oral suspension. The average selling prices of our oseltamivir phosphate products declined continuously during the Track Record Period, a trend intensified by competition from a growing number of generic entrants, which ultimately affected our overall gross profit margin. As of December 31, 2023, 2024 and 2025, there were over 20, 30 and 40 generic versions of oseltamivir phosphate approved in China, respectively, according to CIC. The gross profit margin of our APIs and intermediates decreased from 58.0% in 2024 to 53.9% in 2025, primarily reflecting margin compression and changes in revenue mix across multiple API/intermediate products, including (i) the significant decline in the gross profit margin of oseltamivir phosphate APIs/intermediates from 40.6% in 2024 to 11.3% in 2025, and (ii) a decrease in revenue contribution from certain higher-margin APIs/intermediates, such as micafungin sodium, eribulin mesylate and anidulafungin.

- ***Cost Structure and Commitment to R&D Investment***

  Our profitability depends in part on our ability to manage costs and enhance operating efficiency. Our operating expenses include research and development expenses, administrative expenses, as well as selling and distribution expenses. For the years ended December 31, 2023, 2024 and 2025, our operating expenses amounted to RMB434.5 million, RMB516.6 million and RMB549.2 million, respectively.

  Research and development expenses constituted the largest component of our operating expenses throughout the Track Record Period, reflecting our commitment to advancing our pipeline of drug candidates through various stages of clinical and regulatory development. As of the Latest Practicable Date, we had six major innovative drug candidates, spearheaded by BGM0504. See "Business — Our Product Portfolio" for details. For the years ended December 31, 2023, 2024 and 2025, our research and development expenses amounted to RMB248.6 million, RMB297.5 million and RMB304.9 million, respectively, accounting for 21.4%, 23.7% and 25.5% of our total revenue for the same periods.

  We believe the fluctuations in our financial performance during the Track Record Period principally reflect the transitional nature of our business as we shift from a generics-focused model toward one increasingly anchored in innovative drug development — a transition that entails near-term margin pressure from VBP-driven price adjustments and rising R&D investment, but positions us for more sustainable and diversified future growth. See also "Summary — Our Business Model and Strategic Transition to Innovative Drug Development." To that end, we have adopted the following strategies to drive revenue growth and enhance our business sustainability and profitability.

Multi-pronged Strategies to Drive Business Sustainability and Profitability

- ***Expand Product Portfolio and Reduce Reliance on Mature-Stage Products***

  Building on our established portfolio of marketed generic drug products and APIs/intermediates, we have been developing innovative therapies since 2015. We currently focus our R&D efforts on developing novel therapeutics for metabolic diseases, while building a competitive portfolio of inhalation-based drug-device combination products for respiratory diseases. According to CIC, the global metabolic disease drug market was US$222.9 billion in 2025 and is expected to increase to US$584.7 billion by 2035 at a CAGR of 10.0%, while the global respiratory drug market was valued at US$150.7 billion in 2025 and is expected to increase to US$219.3 billion by 2035 at a CAGR of 3.7%.

  We intend to focus on expanding and diversifying our revenue base by advancing near-commercial product candidates toward commercialization. At the same time, the steadily declining revenue contribution of oseltamivir phosphate reflects our reduced reliance on this mature-stage product and its diminishing impact on our overall financial performance going forward.

  Our late-stage pipeline candidates that are expected to receive marketing approval and become key revenue drivers in the next two to three years include: (i) BGM0504, our flagship metabolic disease candidate, for which we anticipate filing NDAs as early as 2026 for T2DM and obesity/overweight; (ii) salmeterol/fluticasone dry powder for inhalation, a fixed-dose combination product candidate targeting asthma/COPD for which we expect to receive marketing approval in the third quarter of 2027, and (iii) tiotropium bromide-based products, a differentiated matrix of precision therapies for COPD management with well-established clinical efficacy, for which we expect to receive marketing approvals between 2026 and 2028. Upon commercialization, these candidates are expected to expand our marketed product portfolio, address the substantial medical needs, and capture growth opportunities in metabolic and respiratory diseases, while contributing an increasingly significant portion of our revenue.

- ***Strengthen Long-Term Margins Amid Pricing Pressures***

  The VBP schemes, while generally associated with larger sales volumes, exert downward pressure on product pricing as manufacturers compete to win bids, thus potentially affecting revenue and profitability. The inclusion of our customers' finished drug products under the VBP schemes may also transmit pricing pressure upstream to us, adversely affecting the sales performance of our APIs and intermediates as customers seek to lower their procurement costs. We believe the impact of the VBP schemes on our business to be manageable over the next three years, primarily for the following reasons:

  (i) None of our near-commercial product candidates, particularly innovative drug candidates such as BGM0504, is expected to be included under the VBP schemes in the near term, primarily due to the lack of sufficient competition, which is in turn attributable to our competitive strengths and technical barriers. The VBP schemes generally require a threshold number of approved generic suppliers before triggering a bidding round, while preserving pricing flexibility for innovative therapies;

  (ii) For our major marketed finished drug products, apart from micafungin sodium and oseltamivir phosphate which are already included under the VBP schemes and whose pricing impact has been substantially reflected in our historical financial performance, the remaining products are not expected to enter the VBP schemes until at least the next anticipated national cycle in 2029; and

  (iii) For our major marketed API/intermediate products, our portfolio is strategically diversified by both geographic region and product type. During the Track Record Period, more than 45% of our revenue from API/intermediate products was derived from markets outside Chinese Mainland and was therefore not affected by the VBP schemes. Among our eight major marketed products, only micafungin sodium, oseltamivir phosphate, and caspofungin acetate APIs/intermediates are subject to VBP impact because their corresponding finished drug products have been included under the VBP schemes. For the remaining five major API/intermediate products, namely anidulafungin, eribulin mesylate, fidaxomicin, pimecrolimus and dalbavancin, revenue generated outside Chinese Mainland accounted for more than 70% of their combine revenue in 2025, making them resilient to potential future VBP impact, if any.

- ***Improve Operating Efficiency and Cost Discipline Alongside Robust R&D Investment***

  We aim to improve profitability by pursuing effective cost control, even as we maintain robust investment in our innovation-focused pipeline and R&D activities. We expect a significant increase in R&D expenses in the next two to three years, primarily to advance the clinical development of BGM0504 and other drug candidates, which we expect will drive long-term revenue growth.

  Excluding R&D expenses, we will strive to maintain our other operating expenses at a stable level relative to our revenue, by (i) employing targeted marketing initiatives to enhance selling and marketing efficiency. This includes leveraging targeted digital channels and prioritizing engagement with key accounts and established distribution partners, and concentrating our commercial resources on high-potential therapeutic areas and geographies where we have demonstrated competitive advantages, (ii) exercising administrative cost discipline through streamlining internal processes and optimizing resource allocation. We intend to continually review and refine our internal workflows to improve operational efficiency. This includes investing in process automation and information systems, centralizing shared support functions where practicable, and aligning headcount growth with business needs; and (iii) leveraging economies of scale in production and procurement to contain cost of operations. As our revenue base expands, we expect to benefit from greater economies of scale in raw material procurement, manufacturing utilization, and logistics.

Taken together, these strategies are designed to transition our business from one historically concentrated on a portfolio of generic products toward a more diversified and innovation-driven model. As our late-stage pipeline candidates progress toward commercialization and begin contributing to revenue, we expect our financial profile to reflect a broader revenue base, reduced sensitivity to VBP-driven pricing pressures, and improving operating efficiency, as we continue to invest in our innovation capabilities and long-term growth.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund our R&D activities and business operations, construction of our manufacturing facilities, as well as other working capital needs. Historically, we have financed our operations and other capital requirements primarily through cash generated from our operations, debt financing and equity financing.

We expect to fund our future working capital and other cash requirements with cash generated from our operations, the [REDACTED] from the [REDACTED], and bank borrowings and other financing activities. 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. As of March 31, 2026, the latest practicable date for determining our indebtedness, our cash and cash equivalents were RMB1,357.4 million. As of the same date, we had unutilized banking facilities of RMB3,325.6 million.

Based on our internal resources, the anticipated cash flow from operations, available banking facilities and the anticipated [REDACTED] from the [REDACTED], our Directors are of the opinion that the working capital available to us is sufficient at present and for at least the next 12 months from the date of this document.

Net Current Assets

The following table sets forth a summary of our current assets and liabilities as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			(unaudited)
CURRENT ASSETS				
Inventories	344,628	364,615	364,253	358,510
Trade and bills receivables	308,875	339,504	330,001	388,734
Prepayments, other receivables and other assets	116,326	170,459	128,170	159,047
Amounts due from related parties	21,246	347	5,014	5,000
Financial assets at FVTPL	50,617	—	—	—
Pledged deposits	27,005	11,251	6,001	37,951
Cash and cash equivalents	971,041	754,102	955,063	1,357,400
Total current assets	1,839,738	1,640,278	1,788,502	2,306,642
CURRENT LIABILITIES				
Trade and bills payables	142,161	189,625	125,696	107,806
Other payables and accruals	166,370	168,413	233,045	196,055
Derivative financial instruments	2,234	3,735	7,070	4,386
Interest-bearing bank borrowings	554,803	632,220	869,369	632,873
Lease liabilities	16,101	13,692	8,831	15,644
Contract liabilities	24,003	28,019	25,560	31,728
Amounts due to related parties	2,532	—	128	—
Income tax payable	14,043	16,683	10,606	2,776
Total current liabilities	922,247	1,052,387	1,280,305	991,268
NET CURRENT ASSETS	**917,491**	**587,891**	**508,197**	**1,315,374**

Our net current assets decreased from RMB917.5 million as of December 31, 2023 to RMB587.9 million as of December 31, 2024, primarily due to (i) a decrease of RMB216.9 million in cash and cash equivalents, and (ii) an increase of RMB77.4 million in our interest-bearing bank borrowings.

Our net current assets decreased from RMB587.9 million as of December 31, 2024 to RMB508.2 million as of December 31, 2025, primarily due to (i) an increase of RMB237.1 million in our interest-bearing bank borrowings, and (ii) a decrease of RMB9.5 million in trade and bills receivables, partially offset by an increase of RMB201.0 million in cash and cash equivalents.

Our net current assets increased from RMB508.2 million as of December 31, 2025 to RMB1,315.4 million as of March 31, 2026, primarily due to (i) an increase of RMB402.3 million in cash and cash equivalents, and (ii) a decrease of RMB236.5 million in our interest-bearing bank borrowings.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Net cash flows from operating activities	194,765	245,559	325,191
Net cash flows used in investing activities	(439,853)	(224,031)	(622,544)
Net cash flows from/(used in) financing activities	61,611	(240,585)	497,652
Net decrease/(increase) in cash and cash equivalents	(183,477)	(219,057)	200,299
Cash and cash equivalents at beginning of the year	1,151,735	971,041	754,102
Effect of foreign exchange rate changes, net	2,783	2,118	662
Cash and cash equivalents at the end of the year	971,041	754,102	955,063

Net cash flows from operating activities

In 2023, we recorded net cash flows generated from operating activities of RMB194.8 million, primarily attributable to our profit before tax of RMB188.8 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment of RMB71.3 million, and (ii) finance costs of RMB44.4 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB27.2 million in other payables and accruals, and (ii) a decrease of RMB18.9 million in trade receivables, partially offset by an increase of RMB86.3 million in inventories.

In 2024, we recorded net cash flows generated from operating activities of RMB245.6 million, primarily attributable to our profit before tax of RMB157.2 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment of RMB97.7 million, and (ii) finance costs of RMB52.4 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB45.7 million in trade and bills payables, and (ii) an increase of RMB35.6 million in other payables and accruals, partially offset by an increase of RMB73.6 million in prepayments, other receivables and other assets.

In 2025, we recorded net cash flows generated from operating activities of RMB325.2 million, primarily attributable to our profit before tax of RMB13.9 million, as adjusted for non-cash and non-operating items, which primarily include (i) depreciation of property, plant and equipment of RMB147.4 million, and (ii) finance costs of RMB63.0 million. The amount was further adjusted by changes in certain working capital accounts, primarily including (i) an increase of RMB8.3 million in trade receivables, and (ii) a decrease of RMB76.2 million in prepayments, other receivables and other assets, partially offset by a decrease of RMB63.9 million in trade and bills payables.

Net cash flows used in investing activities

In 2023, our net cash flows used in investing activities was RMB439.9 million, primarily attributable to (i) purchases of items of property, plant and equipment of RMB387.4 million and (ii) purchase of wealth management products of RMB100.0 million.

In 2024, our net cash flows used in investing activities was RMB224.0 million, primarily attributable to (i) purchases of items of property, plant and equipment of RMB255.5 million, (ii) repurchase of unlisted fund investments of RMB55.7 million, and (iii) purchase of wealth management products of RMB50.0 million.

In 2025, our net cash flows used in investing activities was RMB622.5 million, primarily attributable to (i) additions to other intangible assets of RMB316.9 million; (ii) purchases of items of property, plant and equipment of RMB133.7 million, and (iii) purchase of unlisted fund investments of RMB94.6 million.

Net cash flows from/(used in) financing activities

In 2023, our net cash flows from financing activities was RMB61.6 million, primarily attributable to proceeds from interest-bearing loans of RMB678.2 million, partially offset by repayments of bank loans of RMB560.1 million.

In 2024, our net cash flows used in financing activities was RMB240.6 million, primarily attributable to (i) repayments of bank loans of RMB786.7 million, and (ii) purchase of non-controlling interest of subsidiaries of RMB216.1 million, partially offset by proceeds from interest-bearing loans of RMB802.1 million.

In 2025, our net cash flows from financing activities was RMB497.7 million, primarily attributable to (i) capital injection into a subsidiary by non-controlling interests of RMB399.8 million, and (ii) proceeds from interest-bearing loans of RMB662.0 million, and (iii) proceeds from issue of bonds of RMB200.0 million, partially offset by repayments of bank loans of RMB816.2 million and interests paid for interest-bearing loans of RMB72.4 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,
	2023	2024	2025	2026
	(RMB in thousands)			
				(unaudited)
Current				
Interest-bearing bank borrowings	554,803	632,220	869,369	632,873
Lease liabilities	16,101	13,692	8,831	15,644
Current portion of long term payable included in other payables and accruals	—	6,719	77,114	79,698
Subtotal	**570,904**	**652,631**	**955,314**	**728,215**
Non-current				
Convertible bonds	430,261	455,344	462,801	463,644
Bonds payables	—	—	195,177	296,901
Interest-bearing bank borrowings	1,184,658	1,109,933	718,033	1,564,524
Lease liabilities	21,011	10,207	10,208	26,004
Other long-term payables	—	14,389	114,264	95,558
Amounts due to related parties	2,532	—	128	—
Subtotal	**1,638,462**	**1,589,873**	**1,500,611**	**2,446,631**
Total	**2,209,366**	**2,242,504**	**2,455,925**	**3,174,846**

Lease Liabilities

During the Track Record Period, our lease liabilities were primarily in relation to leases of plant and office premises. Under IFRS 16, we recognize lease liabilities with respect to all leases, except for short term leases and leases of low value assets. As of December 31, 2023, 2024 and 2025, our current lease liabilities amounted to RMB16.1 million, RMB13.7 million and RMB8.8 million, and our non-current lease liabilities amounted to RMB21.0 million, RMB10.2 million and RMB10.2 million.

Interest-bearing bank borrowings

Our interest-bearing bank borrowings comprised both secured and unsecured bank loans, with effective interest rates ranging from 0.70% to 4.60% per annum. As of December 31, 2023, 2024 and 2025, we had current interest-bearing bank borrowings of RMB554.8 million, RMB632.2 million and RMB869.4 million, respectively, and non-current interest-bearing bank borrowings of RMB1,184.7 million, RMB1,109.9 million and RMB718.0 million, respectively. The increase in current interest-bearing bank borrowings during the Track Record Period was primarily driven by our funding requirements for R&D expenditure and general working capital needs to support business growth. For details, see Note 27 to the Accountants' Report in Appendix I to this document.

Our bank borrowings agreements contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, the agreements relating to our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. During the Track Record Period and up to the Latest Practicable Date, we did not have any material defaults or breaches of covenants in repayment of indebtedness.

Contingent Liabilities

As of March 31, 2026, we did not have any material contingent liabilities.

During the Track Record Period and up to the Latest Practicable Date, we did not have any bank and other loans, or any issued and outstanding or agreed to be issued loan capital, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptances (other than ordinary trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments or finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that there had been no material change in our indebtedness since March 31, 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

Our capital expenditure during the Track Record Period primarily related to purchases of items of property, plant and equipment, and additions to other intangible assets. The following table sets forth a breakdown of our capital expenditures for the years indicated:

	For the year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Property, plant and equipment	525,655	342,297	193,086
Other intangible assets	16,400	16,031	289,017
Total	**542,055**	**358,328**	**482,103**

CAPITAL COMMITMENTS

Our capital commitments at the end of each year during the Track Record Period primarily related to contracted but not provided commitments for property, plant and equipment. As of December 31, 2023, 2024 and 2025, our capital commitments amounted to RMB214.0 million, RMB147.2 million and RMB204.9 million, respectively.

MATERIAL RELATED PARTY TRANSACTIONS

We did not have any material related party transactions during the Track Record Period. See Note 38 in the Accountants' Report set out in Appendix I to this document for details on our transactions with related parties during the Track Record Period, which were conducted in the ordinary course of business on an arm's length basis and on normal commercial terms between the relevant parties. Our Directors are 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.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated:

	As of/for the year ended December 31,		
	2023	2024	2025
Gross profit margin[(1)]	56.1%	58.6%	51.5%
Current ratio[(2)]	2.0	1.6	1.4
Quick ratio[(3)]	1.6	1.2	1.1
Gearing ratio[(4)]	52.1%	52.9%	51.1%

Notes:

(1) Gross profit margin is calculated based on gross profit divided by revenue and multiplied by 100.0%.

(2) Current ratio is calculated based on total current assets divided by total current liabilities.

(3) Quick ratio is calculated as current assets less inventories divided by current liabilities.

(4) Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100.0%.

Gross Profit Margin

See "— Year to Year Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin during the Track Record Period.

Current Ratio and Quick Ratio

Our current ratio decreased from 2.0 as of December 31, 2023 to 1.6 as of December 31, 2024, and our quick ratio decreased from 1.6 as of December 31, 2023 to 1.2 as of December 31, 2024, primarily due to (i) the decrease in cash and cash equivalents, and (ii) the increase in interest-bearing bank borrowings.

Our current ratio decreased from 1.6 as of December 31, 2024 to 1.4 as of December 31, 2025, and our quick ratio also decreased from 1.2 as of December 31, 2024 to 1.1 as of December 31, 2025, primarily due to (i) the decrease in trade and bills receivables, and (ii) the increase in interest-bearing bank borrowings.

Gearing Ratio

Our gearing ratio remained relatively stable at 52.1%, 52.9% and 51.1% as of December 31, 2023, 2024 and 2025.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, see Note 41 in the Accountants' Report set out in Appendix I to this document.

Interest Rate Risk

Our exposure to interest rate risk for changes in interest rates related primarily to our bank borrowings with floating interest rates. We do not use derivative financial instruments to hedge our interest rate risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial instruments and financial assets and projected cash flows from operations.

Our objective is to maintain sufficient cash and cash equivalents and have available funding through operations and financial support from bank borrowings.

DIVIDENDS

During the Track Record Period, we declared cash dividends to our Shareholders as follows.

	For the year ended December 31,		
	2023	2024	2025
		(RMB in thousands)	
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	48,161	40,522	40,551

As of the date of this document, we have paid these dividends in full.

After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. In principle, we prioritize cash dividends as the profit distribution method if the conditions for cash dividends are met. When we have major investment plans or significant cash expenditures, we may distribute dividends in the form of share equity. 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 and 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 and the relevant laws. Our Shareholders may approve any declaration of dividends.

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; allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by Shareholders' general meeting. If there are no major investment plans or significant cash expenditures, the profits distributed in cash shall be no less than 10% of the distributable profits achieved in the year. At the same time, our cumulative profits distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits achieved in the past three years.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we had retained profits of RMB967.7 million, which were available for distribution to Shareholders.

PROPERTIES AND VALUATION

In accordance with the requirement of Rule 5.07 of the Listing Rules, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued our selected property interest as of March 31, 2026. Particulars of our selected property interest are set out in "Appendix III — Property Valuation Report" to this document.

The table below sets out the reconciliation between the net book value of our selected property interest as of December 31, 2025 in the Accountants' Report set out in Appendix I to this document and the market value of our selected property interest as of March 31, 2026, in the Property Valuation Report set out in Appendix III to this document.

(RMB in thousands)

Net book value of our selected property interest as of December 31, 2025	66,387
Capital expenditures	—
Depreciation adjustments	(783)
Net book value as of March 31, 2026	65,604
Valuation surplus as of March 31, 2026	6,386
Valuation as of March 31, 2026 set out in "Appendix III — Property Valuation Report" to this document	71,990

[REDACTED]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

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, as of the date of this document, there had been no material adverse change in our business, financial condition and results of operations since December 31, 2025, which is the end date of the years reported on in the Accountants' Report as set out in Appendix I to this document, and there is no event since December 31, 2025 which would materially affect the information in the Accountants' Report as set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

See "Business — Our Business Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK$[REDACTED], after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range stated in this document, and that the [REDACTED] is not exercised. If the [REDACTED] is set at HK$[REDACTED] per Share, being the high end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will increase by approximately HK$[REDACTED]. If the [REDACTED] is set at HK$[REDACTED] per Share, being the low end of the indicative [REDACTED] range, the [REDACTED] from the [REDACTED] will decrease by approximately HK$[REDACTED].

Assuming an [REDACTED] at the mid-point of the indicative [REDACTED] range, we currently intend to apply these [REDACTED] for the following purposes:

— Approximately [REDACTED]%, or HK$[REDACTED], will be used for the research and development activities of our existing and future innovative drug candidates in China and overseas. This allocation is intended to further enhance our R&D capabilities and diversify our product pipeline with a focus on innovative drug development, of which:

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to support the development of BGM0504:
  - Approximately [REDACTED]%, or HK$[REDACTED] will be used to support the development of BGM0504 injection for the treatment of T2DM and obesity/overweight, primarily including its phase 3 trials in China and the United States. We have initiated phase 3 clinical trials for BGM0504 injection for the treatment of T2DM and obesity/overweight in China and plan to complete the trials for T2DM in the fourth quarter of 2026 and the trial for obesity/overweight in the second quarter of 2026. Following the completion of our bridging study in the United States in March 2025, we are in communication with the FDA regarding our plan to initiate a phase 3 trial for BGM0504 injection for the treatment of obesity/overweight in the United States.
  - Approximately [REDACTED]%, or HK$[REDACTED] will be used to support the development of BGM0504 tablets for the treatment of obesity/overweight, primarily including ongoing and planned clinical trials in China and the United States. We initiated phase 1 clinical trials for BGM0504 tablets for the treatment of obesity/overweight in the U.S. in August 2025 and in China in October 2025. We expect to complete these trials in the second quarter of 2026; and
  - Approximately [REDACTED]%, or HK$[REDACTED] will be used for further advancing the clinical development of BGM0504 injection in China, primarily including indication expansion studies for obstructive sleep apnea and adolescent obesity/overweight and T2DM, and additional clinical studies for diabetes remission and obesity with comorbid hypertension.

    See "Business — Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM0504, GLP-1/GIP Dual Agonist for T2DM and Obesity/Overweight with Global Best-in-Class Potential — Clinical Development Plan" for details regarding the clinical development plan of BGM0504.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to support the development of BGM1812:
  - Approximately [REDACTED]%, or HK$[REDACTED] will be used to support the development of BGM1812 injection, including ongoing and planned clinical trials in the United States and China. We initiated phase 1 clinical trials for BGM1812 injection for the treatment of obesity/overweight in October 2025 and in China in December 2025. We expect to complete these trials in the third quarter of 2026; and
  - Approximately [REDACTED]%, or HK$[REDACTED] will be used to support the development of BGM1812 tablets, including the planned clinical trials in the United States and China. We expect to submit IND applications for BGM1812 tablets for the treatment of obesity/overweight in the U.S. and China in the second quarter of 2027.

    See "Business — Our Product Portfolio — Our Product Candidates — Metabolic Diseases — BGM1812, Long-acting Amylin Analog for Obesity/Overweight — Clinical Development Plan" for details regarding the clinical development plan of BGM1812.
- Approximately [REDACTED]%, or HK$[REDACTED], will be used to support the development of BGM2102, primarily for its CMC activities, non-clinical studies and clinical trials in China and the U.S. for the treatment of obesity/overweight.
- Approximately [REDACTED]%, or HK$[REDACTED], will be used to support the development of BGM2101, primarily for its CMC activities, non-clinical studies and clinical trials in China for the treatment of T2DM.
- Approximately [REDACTED]%, or HK$[REDACTED], will be used for talent recruitment and team building. Specifically, we plan to recruit over 60 additional personnel, primarily in clinical development and operations, research and development, medical functions, business development, and regulatory affairs and compliance, to support our pipeline advancement and organizational growth. Such personnel are generally expected to possess a master's degree or above in relevant fields and a minimum of five years of relevant industry experience. Preference will be given to candidates with prior experience at large listed pharmaceutical or biotechnology companies and overseas education or work experience.
- Approximately [REDACTED]%, or HK$[REDACTED], will be used to strengthen our product pipeline and R&D capabilities through strategic collaborations and investments:
  - Approximately [REDACTED]%, or HK$[REDACTED], will be used to explore in-licensing and co-development opportunities for drug candidates that feature novel modalities or mechanisms of action with great market potential. Based on our current plans, such opportunities may include preclinical and phase 1 candidates in the metabolic disease area with differentiated profiles, such as ultra-long-acting siRNA (small interfering RNA) candidates for weight management with muscle preservation and/or muscle gain potential. We expect such candidates would be complementary to our existing peptide-based pipeline given their differentiated modality, mechanism of action, dosing frequency and duration of effect, and are intended to be developed as additional treatment options, including for potential sequential or combination use with our existing candidates. We believe that pursuing such opportunities will allow us to leverage our

established research, clinical development, and regulatory capabilities in metabolic diseases to further expand our treatment offerings and strengthen our market positioning.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to strategically invest in biopharmaceutical companies with strong R&D capabilities. We intend to target innovation-driven biopharmaceutical companies with proprietary technology platforms, particularly those focused on metabolic diseases and oncology. In evaluating such opportunities, we expect to place primary emphasis on the differentiation of the target's technology, the clarity and defensibility of its core intellectual property rights, and its strategic fit with our existing pipeline and investment portfolio. Given the innovation-driven nature of such potential targets, we expect to place primary emphasis on short-term profitability, scale of operations or in-house manufacturing capacity. According to CIC, there are biopharmaceutical companies in the market that generally meet our selection criteria, although the identification of suitable targets remains subject to factors such as valuation, due diligence and commercial negotiations.

  As of the Latest Practicable Date, we had not identified any specific targets for investment, nor entered into any investment agreement, to which we will apply these [REDACTED].

In pursuing the development and commercialization of our innovative drug candidates, we do not seek to compete with established pharmaceutical companies primarily on overall scale or breadth of resources. Instead, we expect to compete through focused resource deployment in selected therapeutic areas, in particular metabolic diseases, and through a differentiated pipeline which we believe offers competitive advantages over existing therapies. With respect to commercialization, we selectively leverage external collaboration to complement our capabilities and experience in the commercialization of innovative drugs, including through our collaboration with CR Sanjiu in relation to BGM0504 injection.

— Approximately [REDACTED]%, or HK$[REDACTED], will be used to construct and upgrade our manufacturing and R&D infrastructure in China:

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to fund the construction of new manufacturing facilities, primarily our Innovative Drug Formulation and API Production Base (Phase 1) in Suzhou, to support the clinical trials and commercialization of BGM0504 injection and tablets.

  The utilization rates across our existing manufacturing facilities grew steadily during the Track Record Period. In 2025, the utilization rate of our Suzhou facilities — primarily responsible for the production of finished drug products, including BGM0504 injection — reached 93.2%. Our new manufacturing facilities are intended to supplement existing production capacity, including for BGM0504 and other innovative drug candidates. Given the prolonged lead times inherent in pharmaceutical manufacturing — spanning construction, equipment installation, process validation, and GMP regulatory approval — we are advancing the construction of these new facilities so that adequate capacity is in place ahead of the anticipated commercial launch of these pipeline products.

  We believe the allocation of [REDACTED] to support this expansion plan is underpinned by BGM0504's potential market demand, having regard to the addressable market size, favorable growth trends and our competitive positioning within its target therapeutic area. For further details on the competitive strengths and market potential of BGM0504, including industry data supporting the demand

outlook, see "Industry Overview — Overview of the Global and China Metabolic Disease Market" and "Business — Our Product Portfolio — Our Product Candidates — BGM0504 — Market Opportunities and Competition."

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to enhance our R&D infrastructure in China, including (i) [REDACTED]%, or HK$[REDACTED], to procure new equipment for our R&D facilities to support the development of our innovative drug pipeline, and (ii) [REDACTED]%, or HK$[REDACTED], to strengthen our technology platforms.

— Approximately [REDACTED]%, or HK$[REDACTED], will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the [REDACTED] from the [REDACTED] will be adjusted on a pro rata basis in the event that the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] range stated in this document.

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK$[REDACTED], assuming an [REDACTED] of HK$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purposes in the proportions stated above.

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing amounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Future Ordinance or the applicable laws and regulations in other jurisdictions.

We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED].

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

STRUCTURE OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BRIGHTGENE BIO-MEDICAL TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of BrightGene Bio-Medical Technology Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[•] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	1,163,623	1,254,868	1,198,205
Cost of sales		(510,407)	(519,145)	(580,810)
Gross profit		653,216	735,723	617,395
Other income and gains	5	67,386	70,571	83,024
Selling and distribution expenses		(64,069)	(71,743)	(78,022)
Administrative expenses		(121,871)	(147,399)	(166,279)
Research and development expenses		(248,592)	(297,453)	(304,947)
Impairment losses on financial assets, net		(2,467)	(12,353)	(20,274)
Other expenses	6	(36,804)	(58,549)	(41,414)
Finance costs	8	(44,424)	(52,435)	(62,957)
Share of losses of associates		(13,605)	(9,162)	(12,617)
PROFIT BEFORE TAX	7	188,770	157,200	13,909
Income tax (expense)/credit	11	(15,346)	(15,937)	23,045
PROFIT FOR THE YEAR		173,424	141,263	36,954
Attributable to:				
Owners of the parent		202,466	189,167	54,514
Non-controlling interests		(29,042)	(47,904)	(17,560)
		173,424	141,263	36,954
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic (RMB)	13	0.48	0.45	0.13
Diluted (RMB)	13	0.46	0.43	0.13
PROFIT FOR THE YEAR		173,424	141,263	36,954
OTHER COMPREHENSIVE INCOME				
Other comprehensive income/(losses) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations		180	200	(298)
Other comprehensive income/(losses) that will not be reclassified to profit or loss in subsequent periods:				
Equity investments designated at fair value through other comprehensive income ("FVTOCI"):				
Changes in fair value		(26,579)	(38,032)	42,935
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		(26,399)	(37,832)	42,637
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		147,025	103,431	79,591
Attributable to:				
Owners of the parent		176,067	151,335	97,151
Non-controlling interests		(29,042)	(47,904)	(17,560)
		147,025	103,431	79,591

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	2,484,541	2,726,846	2,771,728
Investment properties	15	62,454	59,566	56,684
Right-of-use assets	16(a)	101,806	87,195	83,585
Goodwill		7,500	3,120	—
Other intangible assets	17	26,017	38,172	315,744
Investments in associates	18	43,490	39,043	122,791
Equity investments designated at FVTOCI	19	110,700	86,196	113,171
Financial assets at fair value through profit or loss ("FVTPL")	20	271,666	311,821	435,122
Deferred tax assets	31	34,453	62,201	94,679
Prepayments, other receivables and other assets	23	41,638	98,562	42,835
Total non-current assets		3,184,265	3,512,722	4,036,339
CURRENT ASSETS				
Inventories	21	344,628	364,615	364,253
Trade and bills receivables	22	308,875	339,504	330,001
Prepayments, other receivables and other assets	23	116,326	170,459	128,170
Amounts due from related parties	39	21,246	347	5,014
Financial assets at FVTPL	20	50,617	—	—
Pledged deposits	24	27,005	11,251	6,001
Cash and cash equivalents	24	971,041	754,102	955,063
Total current assets		1,839,738	1,640,278	1,788,502
CURRENT LIABILITIES				
Trade and bills payables	25	142,161	189,625	125,696
Other payables and accruals	26	166,370	168,413	233,045
Derivative financial instruments		2,234	3,735	7,070
Interest-bearing bank borrowings	27	554,803	632,220	869,369
Lease liabilities	16(b)	16,101	13,692	8,831
Contract liabilities	28	24,003	28,019	25,560
Amounts due to related parties	39	2,532	—	128
Income tax payable		14,043	16,683	10,606
Total current liabilities		922,247	1,052,387	1,280,305
NET CURRENT ASSETS		917,491	587,891	508,197
TOTAL ASSETS LESS CURRENT LIABILITIES		4,101,756	4,100,613	4,544,536
NON-CURRENT LIABILITIES				
Convertible bonds	29	430,261	455,344	462,801
Bonds payable	30	—	—	195,177
Interest-bearing bank borrowings	27	1,184,658	1,109,933	718,033
Contract liabilities	28	—	—	90,330
Lease liabilities	16(b)	21,011	10,207	10,208
Deferred tax liabilities	31	3,518	—	—
Deferred income	32	56,070	84,710	107,547
Other long-term payables	26	—	14,389	114,264
Total non-current liabilities		1,695,518	1,674,583	1,698,360
Net assets		2,406,238	2,426,030	2,846,176
EQUITY				
Equity attributable to owners of the Parent				
Share capital	33	422,467	422,467	423,104
Treasury shares	34	—	(10,010)	(20,051)
Reserves	36	1,934,803	1,970,845	2,118,114
		2,357,270	2,383,302	2,521,167
Non-controlling interests		48,968	42,728	325,009
Total equity		2,406,238	2,426,030	2,846,176

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Share premium	Other equity instruments	Other reserve	Fair value reserve of financial assets at FVTOCI	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	422,465	908,366	64,302	100,855	(59,046)	58,502	684,852	2,180,296	50,041	2,230,337
At 1 January 2023	422,465	908,366	64,302	100,855	(59,046)	58,502	684,852	2,180,296	50,041	2,230,337
Profit for the year	—	—	—	—	—	—	202,466	202,466	(29,042)	173,424
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	(26,579)	—	—	(26,579)	—	(26,579)
Exchange differences on translation of foreign operations	—	—	—	180	—	—	—	180	—	180
Total comprehensive income for the year	—	—	—	180	(26,579)	—	202,466	176,067	(29,042)	147,025
Capital injection by non-controlling interests	—	—	—	49,903	—	—	—	49,903	27,969	77,872
Convertible bonds converted into shares	2	53	(9)	—	—	—	—	46	—	46
Deferred tax on convertible bonds	—	—	1	—	—	—	—	1	—	1
Equity-settled share award expense	—	—	—	(4,603)	—	—	—	(4,603)	—	(4,603)
Appropriation to statutory surplus reserve	—	—	—	—	—	8,718	(8,718)	—	—	—
2022 dividend declared	—	—	—	—	—	—	(48,161)	(48,161)	—	(48,161)
Impact of disposal of interests in an associate	—	—	—	3,721	—	—	—	3,721	—	3,721
At 31 December 2023	422,467	908,419*	64,294*	150,056*	(85,625)*	67,220*	830,439*	2,357,270	48,968	2,406,238

Year ended 31 December 2024

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium	Other equity instruments	Other reserve	Fair value reserve of financial assets at FVTOCI	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	422,467	—	908,419	64,294	150,056	(85,625)	67,220	830,439	2,357,270	48,968	2,406,238
Profit for the year	—	—	—	—	—	—	—	189,167	189,167	(47,904)	141,263
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	—	(38,032)	—	—	(38,032)	—	(38,032)
Exchange differences on translation of foreign operations	—	—	—	—	200	—	—	—	200	—	200
Total comprehensive income for the year	—	—	—	—	200	(38,032)	—	189,167	151,335	(47,904)	103,431
Capital injection by non-controlling interests	—	—	—	—	33,254	—	—	—	33,254	69,746	103,000
Capital injection by the Group	—	—	—	—	(3,300)	—	—	—	(3,300)	3,300	—
Acquisition of non-controlling interests	—	—	—	—	(104,728)	—	—	—	(104,728)	(31,382)	(136,110)
Convertible bonds converted into shares	—**	—	4	(1)	—	—	—	—	3	—	3
Deferred tax on convertible bonds	—	—	—	—**	—	—	—	—	—**	—	—**
Repurchase of shares	—	(10,010)	—	—	—	—	—	—	(10,010)	—	(10,010)
Appropriation to statutory surplus reserve	—	—	—	—	—	—	18,245	(18,245)	—	—	—
2023 dividend declared	—	—	—	—	—	—	—	(40,522)	(40,522)	—	(40,522)
At 31 December 2024	422,467	(10,010)	908,423*	64,293*	75,482*	(123,657)*	85,465*	960,839*	2,383,302	42,728	2,426,030

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital	Treasury shares	Share premium	Other equity instruments	Other reserve	Fair value reserve of financial assets at FVTOCI	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	422,467	(10,010)	908,423	64,293	75,482	(123,657)	85,465	960,839	2,383,302	42,728	2,426,030
Profit for the year	—	—	—	—	—	—	—	54,514	54,514	(17,560)	36,954
Changes in fair value of equity investments designated at FVTOCI	—	—	—	—	—	42,935	—	—	42,935	—	42,935
Exchange differences on translation of foreign operations	—	—	—	—	(298)	—	—	—	(298)	—	(298)
Total comprehensive income for the year	—	—	—	—	(298)	42,935	—	54,514	97,151	(17,560)	79,591
Partial disposal of a subsidiary that does not result in a loss of control	—	—	—	—	47,784	—	—	—	47,784	27,216	75,000
Tax effect of partial disposal of a subsidiary that does not result in a loss of control	—	—	—	—	(9,000)	—	—	—	(9,000)	—	(9,000)
Capital injection by non-controlling interests	—	—	—	—	126,539	—	—	—	126,539	273,261	399,800
Capital injection by the Group	—	—	—	—	(21,610)	—	—	—	(21,610)	21,610	—
Acquisition of non-controlling interests	—	—	—	—	(72,502)	—	—	—	(72,502)	(25,241)	(97,743)
Convertible bonds converted into shares	637	—	25,432	(3,606)	—	—	—	—	22,463	—	22,463
Deferred tax on convertible bonds	—	—	—	541	—	—	—	—	541	—	541
Repurchase of shares	—	(10,041)	—	—	—	—	—	—	(10,041)	—	(10,041)
Appropriation to statutory surplus reserve	—	—	—	—	—	—	12,506	(12,506)	—	—	—
2024 dividend declared	—	—	—	—	—	—	—	(40,551)	(40,551)	—	(40,551)
Equity-settled share award expense	—	—	—	—	3,277	—	—	—	3,277	2,995	6,272
Transfer of fair value reserve upon the transfer of equity investments at FVTOCI	—	—	—	—	—	(5,960)	596	5,364	—	—	—
Impact of dilution of interests in an associate	—	—	—	—	(6,186)	—	—	—	(6,186)	—	(6,186)
At 31 December 2025	423,104	(20,051)	933,855*	61,228*	143,486*	(86,682)*	98,567*	967,660*	2,521,167	325,009	2,846,176

* These reserve accounts comprise the consolidated reserves of RMB1,934,803,000, RMB1,970,845,000, and RMB2,118,114,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

** The amounts are less than RMB1,000.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		188,770	157,200	13,909
Adjustments for:				
Finance costs	8	44,424	52,435	62,957
Loss on disposal of items of property, plant and equipment	6	249	149	496
Fair value losses/(gains) on financial assets at FVTPL	5,6	2,098	8,172	(7,080)
Depreciation of property, plant and equipment	7	71,287	97,705	147,408
Depreciation of investment properties	7	1,702	2,888	2,882
Depreciation of right-of-use assets	7	13,169	16,123	16,522
Amortisation of other intangible assets	7	2,436	3,876	3,936
Provision for impairment of trade receivables, net	7	901	11,569	19,686
Provision for impairment of other receivables, net	7	1,566	784	588
Write-down of inventories to net realisable value	6	22,037	17,064	15,965
Impairment of goodwill	6	—	4,380	3,120
Impairment of prepayments	6	—	—	578
Equity-settled share award expense		(4,603)	—	6,272
Government grants related to assets		(750)	(1,379)	(7,820)
Foreign exchange differences, net		(2,603)	(1,919)	(662)
Share of losses of associates		13,605	9,162	12,617
		354,288	378,209	291,374
Increase in inventories		(86,314)	(37,051)	(8,124)
Decrease/(increase) in trade receivables		18,937	(56,367)	(8,333)
Increase in bills receivables		(21,245)	(31,436)	(1,850)
(Increase)/decrease in prepayments, other receivables and other assets		(7,569)	(73,584)	76,217
Decrease in pledged deposits		1,639	15,754	5,250
Increase/(decrease) in trade and bills payables		(46,187)	45,738	(63,929)
Increase/(decrease) in other payables and accruals		27,203	35,590	(24,976)
(Decrease)/increase in contract liabilities		(5,483)	4,016	87,871
(Increase)/decrease in amounts due from related parties		(5,939)	7,719	(4,667)
Increase/(decrease) in amounts due to related parties		2,532	(2,532)	128
Cash generated from operations		231,862	286,056	348,961
Income tax paid		(37,097)	(40,497)	(23,770)
Net cash flows from operating activities		194,765	245,559	325,191

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of wealth management products		102,159	101,171	53,941
Purchases of wealth management products		(100,000)	(50,000)	(53,955)
Payment for derivative financial instruments		(1,578)	(2,472)	(3,912)
Purchases of equity investments at FVTPL		—	—	(20,000)
Purchases of unlisted fund investments		(35,000)	(55,656)	(94,554)
Withdraw of unlisted fund investments		—	9,000	5,541
Dividends received from unlisted fund investments		623	1,748	54
Purchases of equity investments designated at FVTOCI		(12,000)	(10,000)	—
Investments in associates		(18,000)	(4,715)	(86,591)
Repayment of loan from an associate		—	13,769	—
Loan to an associate		(3,596)	—	—
Proceeds from disposal of items of property, plant and equipment		482	304	40
Receipt of government grants for property, plant and equipment		30,820	30,019	30,300
Purchases of items of property, plant and equipment		(387,363)	(255,505)	(133,680)
Purchase of leasehold land		—	—	(2,876)
Additions to other intangible assets		(16,400)	(1,694)	(316,852)
Net cash flows used in investing activities		(439,853)	(224,031)	(622,544)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection into a subsidiary by non-controlling interests		68,000	103,000	399,800
Proceeds from partial disposal of a subsidiary that does not result in a loss of control		—	—	75,000
Purchase of non-controlling interest of subsidiaries		—	(216,110)	(17,743)
[REDACTED] paid		—	—	(20,995)
Repurchase of ordinary shares		—	(10,010)	(10,041)
Proceeds from interest-bearing loans		678,232	802,077	662,048
Repayments of bank loans		(560,092)	(786,710)	(816,182)
Proceeds from factoring		—	—	33,000
Repayments of factoring		—	—	(4,704)
Payments for deposits related to factoring		—	—	(3,000)
Interests paid for interest-bearing loans		(64,988)	(92,422)	(72,403)
Proceeds from issue of bonds		—	—	200,000
Payments for bonds issue costs		—	—	(5,557)
Interests paid for convertible bonds		(1,860)	(2,790)	(4,649)
Proceeds from sale and leaseback arrangements		—	21,000	170,000
Payments for deposits related to sales and leaseback agreement		—	(2,100)	(2,000)
Repayment of sales and leaseback agreements		—	—	(28,659)
Dividend payment		(48,161)	(40,522)	(40,551)
Payments of lease liabilities		(9,520)	(15,998)	(15,712)
Net cash flows from/(used in) financing activities		61,611	(240,585)	497,652

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(183,477)	(219,057)	200,299
Effect of foreign exchange rate changes, net		2,783	2,118	662
Cash and cash equivalents at beginning of year		1,151,735	971,041	754,102
CASH AND CASH EQUIVALENTS AT END OF YEAR		971,041	754,102	955,063
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances, unrestricted		971,041	754,102	955,063

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	1,155,025	1,337,246	1,453,644
Right-of-use assets	16(a)	31,953	26,589	31,216
Other intangible assets	17	8,707	8,967	12,519
Investments in subsidiaries	1	348,681	552,158	722,109
Investments in associates	18	31,799	29,640	104,317
Equity investments designated at FVTOCI	19	110,700	86,196	113,171
Financial assets at FVTPL	20	213,518	244,617	364,828
Deferred tax assets	31	—	336	13,862
Prepayments, other receivables and other assets	23	33,593	88,060	8,669
Total non-current assets		1,933,976	2,373,809	2,824,335
CURRENT ASSETS				
Inventories	21	62,239	49,468	18,281
Trade and bills receivables	22	167,928	221,219	149,203
Prepayments, other receivables and other assets	23	52,752	22,400	47,758
Amounts due from related parties	39	13,188	347	5,014
Financial assets at FVTPL	20	50,617	—	—
Amounts due from subsidiaries	39	828,302	1,019,058	1,055,684
Pledged deposits	24	16,501	11,251	1
Cash and cash equivalents	24	688,818	399,784	525,138
Total current assets		1,880,345	1,723,527	1,801,079
CURRENT LIABILITIES				
Trade and bills payables	25	26,305	61,839	9,346
Other payables and accruals	26	55,894	43,820	84,684
Derivative financial instruments		2,234	3,735	7,070
Interest-bearing bank borrowings	27	435,538	458,630	433,790
Lease liabilities	16(b)	6,391	5,434	5,391
Amounts due to related parties	39	—	—	128
Amounts due to subsidiaries	39	98,427	329,154	508,917
Contract liabilities	28	7,602	8,320	9,385
Income tax payable		5,394	12,455	5,557
Total current liabilities		637,785	923,387	1,064,268
NET CURRENT ASSETS		1,242,560	800,140	736,811
TOTAL ASSETS LESS CURRENT LIABILITIES		3,176,536	3,173,949	3,561,146
NON-CURRENT LIABILITIES				
Convertible bonds	29	430,261	455,344	462,801
Bonds payable	30	—	—	195,177
Interest-bearing bank borrowings	27	856,664	731,371	619,355
Contract liabilities	28	—	—	80,189
Lease liabilities	16(b)	3,735	166	3,761
Deferred tax liabilities	31	3,518	—	—
Deferred income	32	23,100	30,389	58,650
Other long-term payables	26	—	—	64,788
Total non-current liabilities		1,317,278	1,217,270	1,484,721
Net assets		1,859,258	1,956,679	2,076,425
EQUITY				
Share capital	33	422,467	422,467	423,104
Treasury shares	34	—	(10,010)	(20,051)
Reserves	36	1,436,791	1,544,222	1,673,372
Total equity		1,859,258	1,956,679	2,076,425

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

BrightGene Bio-Medical Technology Co., Ltd. (the "Company") is a joint stock company with limited liability established in Suzhou, Jiangsu, the People's Republic of China (the "PRC") on 20 August 2015, and was subsequently listed on the Shanghai Stock Exchange (stock code: 688166) on 8 November 2019. The registered office address of the Company is Building C25, No. 218 Xinghu Road, Suzhou, Jiangsu, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the "Group") were principally engaged in the research and development, manufacturing and sales of pharmaceutical products.

As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries as below:

Name	Place and date of incorporation/ registration and place of operations	Issued and paid- up/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			(Direct)	(Indirect)	
BrightGene Pharmaceutical (Suzhou) Co., Ltd.* (博瑞制藥(蘇州)有限公司) *(Note (a))*	PRC/Chinese mainland 31 March 2010	RMB20,000,000	80.00%	20.00%	Research and development and manufacturing of pharmaceutical products
BrightGene Bio-Medical Taixing Co., Ltd.* (博瑞生物醫藥泰興市有限公司) *(Note (a))*	PRC/Chinese mainland 26 January 2007	RMB83,407,900	65.94%	—	Manufacturing of pharmaceutical products
BrightGene InnoBio (Wuxi) Co., Ltd.* (博瑞新創生物醫藥科技(無錫)有限公司) *(Note (a))*	PRC/Chinese mainland 19 November 2021	RMB42,857,143	30.00%	70.00%	Research and development of innovative drugs
Atmen (Suzhou) Pharmaceutical Technology Co., Ltd.* (艾特美(蘇州)醫藥科技有限公司) *(Note (a))*	PRC/Chinese mainland 9 July 2020	RMB23,849,372	53.34%	—	Research and development of pharmaceutical products
Atsenbo (Suzhou) Pharmaceutical Technology Co., Ltd.* (艾特申博(蘇州)醫藥科技有限公司) *(Notes (a),(b))*	PRC/Chinese mainland 25 November 2021	RMB20,000,000	—	37.34%	Research and development of pharmaceutical products

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with the Generally Accepted Accounting Principles in the PRC ("PRC GAAP") were audited by Gongzheng Tianye Certified Public Accountants, SGP (公正天業會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(b) The Company holds 70% equity interests in Atsenbo (Suzhou) Pharmaceutical Technology Co., Ltd. through Atmen (Suzhou) Pharmaceutical Technology Co., Ltd..

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to directly translate the Chinese names as these companies did not register any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

The Company

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	348,681	552,158	722,109

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual periods beginning on or after 1 January 2027
[3] No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and

introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on the assessment made by the directors, the adoption of IFRS 18 will have no material impact on the financial position and performance of the Group, but has impact on the presentation and disclosure of the Group's financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long-term interest and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognised its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less

costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.50%–9.50%
Machinery	9.00%–19.00%
Experimental equipment	9.00%–31.67%
Motor vehicles	18.00%–23.75%
Electronic and other equipment	9.00%–31.67%

Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at historical cost less accumulated depreciation and provision for any impairment in value. Depreciation is calculated on the straight-line basis over the expected useful life of 20 years.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and proprietary technology

Purchased patents and proprietary technology are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Software

Acquired software licences are capitalised on the basis of costs incurred to acquire and bring the specific software into use. These software licences are stated at cost less any impairment losses and are amortised over their estimated useful lives of 3 to 5 years.

Research and development expenditures

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Capitalised development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant and office premises	2 to 10 years
Leasehold land	30 to 50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as liabilities within the scope of IFRS 9.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTOCI (debt instruments)

For debt investments at FTVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVTOCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group' consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables hat do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, interest-bearing bank borrowings, derivative financial instruments, convertible bonds, other long-term payables and financial liabilities included in other payables and accruals.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Product sales

Revenue from product sales is recognised at the point in time when the Group transfers the control of goods and has rights to payment from the customers upon acceptance by the customers or upon delivery of the products.

(b) Research and Development services

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when control of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share award refers to the fair value of the underlying ordinary shares of the Company on the respective dates of grant. Further details are included in note 34 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Company and the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and the subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the functional currency of majority of the group entities. Transactions in foreign currencies are translated into the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As the end of each reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Research and development expenditure

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

The Group had tax losses and deductible temporary differences of RMB235,544,000, RMB390,285,000 and RMB449,043,000 at the end of each of the Relevant Periods. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 30 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgement and estimates on market conditions. Where the actual outcome or further expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which the estimate has been changed.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of items of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is recognised if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each reporting period end based on changes in circumstances.

Fair value measurement for unlisted investments

The Group has made unlisted investments in a wide variety of companies and those investments are accounted for as financial assets at FVTPL and financial assets designated at FVTOCI. The fair values of those investments are determined using valuation techniques and the Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, which is the research and development, manufacturing and sales of pharmaceutical products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	766,925	678,057	678,494
Overseas	396,698	576,811	519,711
Total revenue	1,163,623	1,254,868	1,198,205

(b) During the Relevant Periods, all of the Group's non-current assets (excluding financial instruments and deferred tax assets) were all located in Chinese mainland.

Information about a major customer

Revenue from a major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group's revenue during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	—*	130,875	—*

* The percentage of the corresponding revenue contributed to the total revenue of the Group is less than 10%.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	1,163,623	1,254,868	1,198,205

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Product sales	1,085,372	1,209,064	1,145,046
Research and development services	75,805	39,218	16,157
Others*	2,446	6,586	37,002
Total	1,163,623	1,254,868	1,198,205
Geographical markets			
Chinese mainland	766,925	678,057	678,494
Overseas	396,698	576,811	519,711
Total	1,163,623	1,254,868	1,198,205
Timing of revenue recognition			
Goods transferred at a point in time	1,087,818	1,215,650	1,182,048
Services transferred over time	75,805	39,218	16,157
Total	1,163,623	1,254,868	1,198,205

* The amounts primarily include licensing revenue and manufacturing services.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each of the year:			
Product sales	6,899	1,872	3,467
Research and development services	6,917	2,532	3,845
Total	13,816	4,404	7,312

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Product sales

The performance obligation is satisfied upon delivery of the products or acceptance by the customers and payment is generally due within 30 to 90 days from the invoice date except for certain customers, where payment in advance is normally required.

Research and development services

The performance obligation is satisfied over time as services are rendered, where payment is generally based on milestones achieved.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods is as follows:

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Research and development services	44,761	43,510	27,618
Others	—	—	80,189
Total	44,761	43,510	107,807

Amounts expected to be recognised as revenue within one year is RMB7,207,000. Amounts expected to be recognised as revenue after one year that are based on development milestones and subsequent sales, of which the performance obligations are to be satisfied from two to ten years. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	30,088	29,804	38,466
Bank interest income	17,991	10,964	5,547
Rental income	15,894	27,684	25,435
Others	810	200	403
Total other income	64,783	68,652	69,851
Gains			
Foreign exchange differences, net	2,603	1,919	6,093
Fair value gains of financial instruments at FVTPL	—	—	7,080
Total gains	2,603	1,919	13,173
Total other income and gains	67,386	70,571	83,024

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant assets, when all attaching conditions and requirements are complied with.

6. OTHER EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Write-down of inventories to net realisable value	22,037	17,064	15,965
Impairment losses on goodwill	—	4,380	3,120
Fair value losses on financial instruments at FVTPL, net	2,098	8,172	—
Loss on disposal of items of property, plant and equipment, net	249	149	496
Rental cost	11,007	25,806	20,802
Impairment losses on prepayments	—	—	578
Others	1,413	2,978	453
Total	36,804	58,549	41,414

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of inventories sold*		488,613	498,427	552,301
Cost of services provided		21,794	20,718	28,509
		510,407	519,145	580,810
Research and development expenses*		248,592	297,453	304,947
Depreciation of property, plant and equipment	14	70,638	97,705	147,408
Depreciation of investment properties	15	2,351	2,888	2,882
Depreciation of right-of-use assets	16(a)	13,169	16,123	16,522
Amortisation of intangible assets	17	2,436	3,876	3,936
Write-down of inventories to net realisable value	6	22,037	17,064	15,965
Impairment losses on goodwill	6	—	4,380	3,120
Impairment losses on prepayments	6	—	—	578
Impairment losses on financial assets, net		2,467	12,353	20,274
[REDACTED]		—	—	452
Loss on disposal of items of property, plant and equipment	6	249	149	496
Share of losses of associates	18	13,605	9,162	12,617
Fair value losses/(gains) on financial assets at FVTPL, net	5, 6	2,098	8,172	(7,080)
Foreign exchange differences, net	5	(2,603)	(1,919)	(6,093)
Government grants income	5	(30,088)	(29,804)	(38,466)
Bank interest income	5	(17,991)	(10,964)	(5,547)
Auditor's remuneration		1,300	1,300	1,300
Employee benefit expenses (including directors' and chief executive's remuneration):				
Salaries, allowances and benefits in kind		193,580	209,331	227,170
Performance related bonuses		35,878	38,539	40,551
Equity-settled share award expenses		(4,603)	—	6,272
Pension scheme contributions		19,008	20,343	20,164
Total		243,863	268,213	294,157

* The "Cost of inventories sold" and "Research and development costs" amounts include the following expenses which are also included in the respective total amounts of the items disclosed above:

Depreciation of property, plant and equipment
Depreciation of right-of-use assets
Amortisation of other intangible assets
Employee benefit expenses (including directors' and chief executive's remuneration)

8. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings and other borrowings	100,197	107,895	108,654
Interest on lease liabilities	1,358	1,273	816
Total interest expense	101,555	109,168	109,470
Less: Interest capitalised	(57,131)	(56,733)	(46,513)
Total	44,424	52,435	62,957

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	321	300	365
Other emoluments:			
Salaries, allowances and benefits in kind	2,666	2,902	3,473
Performance related bonuses	1,986	1,927	5,388
Equity-settled share award expense	(205)	—	—
Pension scheme contributions	173	185	231
Subtotal	4,620	5,014	9,092
Total	4,941	5,314	9,457

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Mr. Cheng Zengjiang *(note (i))*	—	25	100
Mr. Xu Dongdong *(note (ii))*	32	100	100
Ms. Wu Yinghua *(note (iii))*	32	100	100
Ms. Chen Xin *(note (iv))*	—	—	65
Mr. He Ruyi *(note (v))*	32	75	—
Mr. Yan Zheng *(note (vi))*	75	—	—
Mr. Du Xiaoqing *(note (vii))*	75	—	—
Mr. Xu Rong *(note (viii))*	75	—	—
Total	321	300	365

Notes:

(i) Mr. Cheng Zengjiang was appointed as an independent non-executive director of the Company since September 2024.

(ii) Mr. Xu Dongdong was appointed as an independent non-executive director of the Company since September 2023.

(iii) Ms. Wu Yinghua was appointed as an independent non-executive director of the Company since September 2023.

(iv) Ms. Chen Xin was appointed as an independent non-executive director of the Company since October 2025.

(v) Mr. He Ruyi was appointed as an independent non-executive director of the Company since September 2023 and resigned as an independent non-executive director of the Company with effect from September 2024.

(vi) Mr. Yan Zheng was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.

(vii) Mr. Du Xiaoqing was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.

(viii) Mr. Xu Rong was appointed as an independent non-executive director of the Company since September 2017 and resigned as an independent non-executive director of the Company with effect from September 2023.

(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Executive director and the chief executive:					
Mr. Yuan Jiandong *(note (i))*	992	960	—	43	1,995
Executive directors:					
Ms. Zhang Li *(note (ii))*	570	284	—	43	897
Mr. Hang Fan *(note (iii))*	552	372	—	44	968
Mr. Huang Yangqing *(note (iv))*	552	370	(205)	43	760
Non-executive directors:					
Mr. Lv Dazhong *(note (v))*	—	—	—	—	—
Ms. Su Lei *(note (vi))*	—	—	—	—	—
Total	2,666	1,986	(205)	173	4,620

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Executive director and the chief executive:					
Mr. Yuan Jiandong *(note (i))*	993	960	—	43	1,996
Executive directors:					
Ms. Zhang Li *(note (ii))*	431	263	—	32	726
Mr. Zou Yuanlai *(note (vii))*	140	—	—	11	151
Ms. Ding Nan *(note (viii))*	95	—	—	11	106
Ms. Shen Xincheng *(note (ix))*	149	—	—	11	160
Ms. Tong Tong *(note (x))*	258	—	—	12	270
Mr. Huang Yangqing *(note (iv))*	419	380	—	32	831
Mr. Hang Fan *(note (iii))*	417	324	—	33	774
Non-executive directors:					
Mr. Lv Dazhong *(note (v))*	—	—	—	—	—
Ms. Su Lei *(note (vi))*	—	—	—	—	—
Total	2,902	1,927	—	185	5,014

	Salaries, allowances and benefits in kind	Performance related bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Executive director and the chief executive:					
Mr. Yuan Jiandong *(note (i))*	996	1,630	—	43	2,669
Executive directors:					
Mr. Zou Yuanlai *(note (vii))*	521	1,769	—	43	2,333
Ms. Ding Nan *(note (viii))*	429	300	—	43	772
Ms. Shen Xincheng *(note (ix))*	470	249	—	43	762
Ms. Tong Tong *(note (x))*	896	1,440	—	48	2,384
Mr. Li Kai *(note (xi))*	161	—	—	11	172
Non-executive directors:					
Ms. Su Lei *(note (vi))*	—	—	—	—	—
Total	3,473	5,388	—	231	9,092

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

In the prior years, share awards were granted to certain directors, further details of which are set out in the disclosures in note 35 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

Notes:

(i) Mr. Yuan Jiandong was appointed as the chairperson of the board, executive director and general manager of the Company since October 2001.

(ii) Ms. Zhang Li was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.

(iii) Mr. Hang Fan was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.

(iv) Mr. Huang Yangqing was appointed as an executive director of the Company since September 2021 and resigned as an executive director of the Company with effect from September 2024.

(v) Mr. Lv Dazhong was appointed as a non-executive director of the Company since September 2017 and resigned as a non-executive director of the Company with effect from September 2024.

(vi) Ms. Su Lei was appointed as a non-executive director of the Company since September 2021.

(vii) Mr. Zou Yuanlai was appointed as an executive director of the Company since September 2024 and resigned as an executive director of the Company with effect from 30 March 2026.

(viii) Ms. Ding Nan was appointed as an executive director of the Company since September 2024.

(ix) Ms. Shen Xincheng was appointed as an executive director of the Company since September 2024.

(x) Ms. Tong Tong was appointed as an executive director of the Company since September 2024.

(xi) Mr. Li Kai was appointed as an executive director of the Company since October 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included 4, 4 and 4 directors of the Company, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the years of the remaining 1, 1 and 1 highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	665	651	1,050
Performance related bonuses	400	321	2,301
Equity-settled share award expense	(256)	—	—
Pension scheme contributions	43	43	43
Total	852	1,015	3,394

The numbers of the non-director and non-chief executives, highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,000,000	1	—	—
HKD1,000,001 to HKD1,500,000	—	1	—
HKD3,000,001 to HKD3,500,000	—	—	1
Total	1	1	1

11. INCOME TAX

The Group is subject to income tax on an entity basis based on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese mainland are subject to corporate income tax ("CIT") at a rate of 25% on the taxable income.

During the Relevant Periods, the Company and certain subsidiaries of the Company were qualified as High and New Technology Enterprises and enjoyed a preferential income tax rate of 15%.

In addition, certain subsidiaries operating in Chinese mainland were entitled to preferential tax rates of 2.5% to 5% during the Relevant Periods, because they were regarded as "small-scaled minimal profit enterprises" during the corresponding periods.

The income tax expenses/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	33,691	47,203	8,892
Deferred income tax	(18,345)	(31,266)	(31,937)
Total	15,346	15,937	(23,045)

A reconciliation of the income tax expense/(credit) applicable to profit/(loss) before tax at the preferential tax rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	188,770	157,200	13,909
Tax at the preferential tax rate of 15%	28,316	23,580	2,086
Different tax rates enacted by local authorities	(6,171)	(10,566)	(6,832)
Effect of prior income tax reconciliation	176	116	899
Expenses not deductible for tax	1,989	3,390	5,283
Super-deduction of research and development expenses	(23,692)	(27,495)	(36,428)
Tax losses not recognised	14,796	24,577	14,699
Temporary differences not recognised	(68)	2,335	2,156
Tax losses utilised from previous periods	—	—	(4,908)
Tax charge/(credit) at the Group's effective tax rate	15,346	15,937	(23,045)

12. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	48,161	40,522	40,551

The final dividends of RMB1.14, RMB0.96 and RMB0.96 (inclusive of tax) for every 10 ordinary shares to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2022, 2023 and 2024 were approved by the annual general meeting of the Company.

The final dividend of RMB0.16 (inclusive of tax) for every 10 ordinary shares to all shareholders whose names were registered in the register of members and were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2025, equivalent to an aggregate of approximately RMB6,761,000 (inclusive of tax), was approved by the annual general meeting of the Company on 10 April 2026.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average numbers of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares. As the inclusion of potential ordinary shares from the 2021 A Share Incentive Plan would be anti-dilutive, it is not included in the calculation of diluted earnings per share during the Relevant Periods.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation (RMB'000)	202,466	189,167	54,514
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	422,465,488	422,188,742	422,386,128
Effect of dilution — weighted average number of ordinary shares:			
Convertible bonds	13,306,783	13,306,669	13,084,111
Total	435,772,271	435,495,411	435,805,904

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023:								
Cost	273,399	168,619	13,164	58,917	77,708	63,787	1,666,256	2,321,850
Accumulated depreciation	(33,486)	(71,630)	(5,548)	(36,295)	(42,615)	(36,915)	—	(226,489)
Net carrying amount	239,913	96,989	7,616	22,622	35,093	26,872	1,666,256	2,095,361
At 1 January 2023, net of accumulated depreciation	239,913	96,989	7,616	22,622	35,093	26,872	1,666,256	2,095,361
Additions	—	—	—	155	—	1,189	524,311	525,655
Disposals	—	(707)	—	(16)	(8)	—	—	(731)
Depreciation provided during the year	(11,291)	(27,615)	(1,998)	(12,652)	(6,547)	(10,535)	—	(70,638)
Transfer to investment properties	(64,805)	—	—	—	—	—	—	(64,805)
Transfer	52,662	248,267	1,958	122,138	16,348	12,659	(454,333)	(301)
At 31 December 2023, net of accumulated depreciation	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023:								
Cost	261,256	414,888	15,122	180,856	93,932	75,765	1,736,234	2,778,053
Accumulated depreciation	(44,777)	(97,954)	(7,546)	(48,609)	(49,046)	(45,580)	—	(293,512)
Net carrying amount	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	261,256	414,888	15,122	180,856	93,932	75,765	1,736,234	2,778,053
Accumulated depreciation	(44,777)	(97,954)	(7,546)	(48,609)	(49,046)	(45,580)	—	(293,512)
Net carrying amount	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541
At 1 January 2024, net of accumulated depreciation	216,479	316,934	7,576	132,247	44,886	30,185	1,736,234	2,484,541
Additions	—	—	265	19	—	4,324	337,689	342,297
Disposals	—	(89)	(19)	(4)	(180)	(487)	—	(779)
Depreciation provided during the year	(16,347)	(40,104)	(2,143)	(22,612)	(7,312)	(9,187)	—	(97,705)
Transfer	467,399	233,417	168	182,572	3,502	18,314	(906,880)	(1,508)
At 31 December 2024, net of accumulated depreciation	667,531	510,158	5,847	292,222	40,896	43,149	1,167,043	2,726,846
At 31 December 2024:								
Cost	728,655	647,502	15,354	363,398	95,595	97,728	1,167,043	3,115,275
Accumulated depreciation	(61,124)	(137,344)	(9,507)	(71,176)	(54,699)	(54,579)	—	(388,429)
Net carrying amount	667,531	510,158	5,847	292,222	40,896	43,149	1,167,043	2,726,846

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	728,655	647,502	15,354	363,398	95,595	97,728	1,167,043	3,115,275
Accumulated depreciation	(61,124)	(137,344)	(9,507)	(71,176)	(54,699)	(54,579)	—	(388,429)
Net carrying amount	667,531	510,158	5,847	292,222	40,896	43,149	1,167,043	2,726,846
At 1 January 2025, net of accumulated depreciation	667,531	510,158	5,847	292,222	40,896	43,149	1,167,043	2,726,846
Additions	—	59	—	1,232	57	4,344	187,394	193,086
Disposals	—	(190)	(129)	(33)	(184)	—	—	(536)
Depreciation provided during the year	(35,331)	(58,019)	(1,983)	(34,875)	(6,379)	(11,081)	—	(147,668)
Transfer	16,630	97,338	1,624	46,437	5,205	—	(167,234)	—
At 31 December 2025, net of accumulated depreciation	648,830	549,346	5,359	304,983	39,595	36,412	1,187,203	2,771,728
At 31 December 2025:								
Cost	745,285	744,394	15,650	410,901	99,844	102,072	1,187,203	3,305,349
Accumulated depreciation	(96,455)	(195,048)	(10,291)	(105,918)	(60,249)	(65,660)	—	(533,621)
Net carrying amount	648,830	549,346	5,359	304,983	39,595	36,412	1,187,203	2,771,728

As at the end of each of the Relevant Periods, property, plant and equipment with carrying amounts of approximately RMB1,125,962,000, RMB1,698,012,000 and RMB1,748,439,000, respectively, were pledged to secure certain bank borrowings of the Group (note 27).

As at the end of each of the Relevant Periods, the Group had not obtained the certificates for certain of the buildings with aggregate net carrying amounts of approximately RMB106,763,000, RMB192,962,000 and RMB178,838,000, respectively. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of each of the Relevant Periods.

The Company

	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	23,161	9,161	32,719	71,827	40,560	804,668	982,096
Accumulated depreciation	(15,742)	(3,973)	(21,759)	(39,104)	(22,773)	—	(103,351)
Net carrying amount	7,419	5,188	10,960	32,723	17,787	804,668	878,745
At 1 January 2023, net of accumulated depreciation	7,419	5,188	10,960	32,723	17,787	804,668	878,745
Additions	—	—	—	—	254	293,261	293,515
Depreciation provided during the year	(1,347)	(1,357)	(2,601)	(5,489)	(6,140)	—	(16,934)
Transfer	850	1,587	1,035	2,097	—	(5,870)	(301)
At 31 December 2023, net of accumulated depreciation	6,922	5,418	9,394	29,331	11,901	1,092,059	1,155,025
At 31 December 2023:							
Cost	24,011	10,748	33,754	73,924	40,814	1,092,059	1,275,310
Accumulated depreciation	(17,089)	(5,330)	(24,360)	(44,593)	(28,913)	—	(120,285)
Net carrying amount	6,922	5,418	9,394	29,331	11,901	1,092,059	1,155,025

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	—	24,011	10,748	33,754	73,924	40,814	1,092,059	1,275,310
Accumulated depreciation	—	(17,089)	(5,330)	(24,360)	(44,593)	(28,913)	—	(120,285)
Net carrying amount	—	6,922	5,418	9,394	29,331	11,901	1,092,059	1,155,025
At 1 January 2024, net of accumulated depreciation	—	6,922	5,418	9,394	29,331	11,901	1,092,059	1,155,025
Additions	—	—	—	—	—	—	200,468	200,468
Disposals	—	—	(20)	—	(173)	—	—	(193)
Depreciation provided during the year	(652)	(2,053)	(1,461)	(2,628)	(5,206)	(4,549)	—	(16,549)
Transfer	234,405	67,233	—	1,995	1,182	—	(306,320)	(1,505)
At 31 December 2024, net of accumulated depreciation	233,753	72,102	3,937	8,761	25,134	7,352	986,207	1,337,246
At 31 December 2024:								
Cost	234,405	91,244	10,547	35,749	73,376	40,814	986,207	1,472,342
Accumulated depreciation	(652)	(19,142)	(6,610)	(26,988)	(48,242)	(33,462)	—	(135,096)
Net carrying amount	233,753	72,102	3,937	8,761	25,134	7,352	986,207	1,337,246

	Buildings	Machinery	Motor vehicles	Electronic and other equipment	Experimental equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	234,405	91,244	10,547	35,749	73,376	40,814	986,207	1,472,342
Accumulated depreciation	(652)	(19,142)	(6,610)	(26,988)	(48,242)	(33,462)	—	(135,096)
Net carrying amount	233,753	72,102	3,937	8,761	25,134	7,352	986,207	1,337,246
At 1 January 2025, net of accumulated depreciation	233,753	72,102	3,937	8,761	25,134	7,352	986,207	1,337,246
Additions	—	—	—	876	55	424	147,392	148,747
Disposals	—	(139)	(124)	(12)	(1,129)	—	—	(1,404)
Depreciation provided during the year	(12,675)	(7,163)	(1,356)	(2,196)	(3,914)	(3,641)	—	(30,945)
Transfer	16,513	56,770	1,543	46	3,903	—	(78,775)	—
At 31 December 2025, net of accumulated depreciation	237,591	121,570	4,000	7,475	24,049	4,135	1,054,824	1,453,644
At 31 December 2025::								
Cost	250,918	147,000	10,846	36,557	70,499	41,238	1,054,824	1,611,882
Accumulated depreciation	(13,327)	(25,430)	(6,846)	(29,082)	(46,450)	(37,103)	—	(158,238)
Net carrying amount	237,591	121,570	4,000	7,475	24,049	4,135	1,054,824	1,453,644

15. INVESTMENT PROPERTIES

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January:			
Cost	—	64,805	64,805
Accumulated depreciation	—	(2,351)	(5,239)
Net carrying amount	—	62,454	59,566
At 1 January, net of accumulated depreciation	—	62,454	59,566
Transfer from property, plant and equipment	64,805	—	—
Depreciation provided during the year	(2,351)	(2,888)	(2,882)
At 31 December net of accumulated depreciation	62,454	59,566	56,684
At 31 December:			
Cost	64,805	64,805	64,805
Accumulated depreciation	(2,351)	(5,239)	(8,121)
Net carrying amount	62,454	59,566	56,684

The Group's investment properties consist of one, one and one industrial property in Chinese mainland at the end of each of the Relevant Periods which are held to earn rental income and for capital appreciation. The properties are measured initially and subsequently at cost. Depreciation commences on the day the transaction of purchase is completed and is calculated on the straight-line basis over 20 years.

The Group's investment properties located in Chinese mainland were valued as at those dates by independent professionally qualified external appraisal firms with fair value of approximately RMB63,010,000, RMB62,500,000, and RMB62,260,000 as at the end of each of the Relevant Periods, respectively.

The Group had not obtained the certificates for certain of the buildings with aggregate net carrying amounts of approximately RMB62,454,000, nil and nil as at the end of each of the Relevant Periods, respectively. The directors were of the opinion that the aforesaid matter did not have any significant impact on the Group's financial position as at the end of each of the Relevant Periods.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and office premises and leasehold land. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and office premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Leasehold land	Plant and office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
As at 1 January 2023	69,588	7,460	77,048
Additions	—	37,927	37,927
Depreciation charge	(1,940)	(11,229)	(13,169)
As at 31 December 2023	67,648	34,158	101,806
As at 31 December 2024			
As at 1 January 2024	67,648	34,158	101,806
Additions	—	1,512	1,512
Depreciation charge	(2,002)	(14,121)	(16,123)
As at 31 December 2024	65,646	21,549	87,195
As at 31 December 2025			
As at 1 January 2025	65,646	21,549	87,195
Additions	2,876	10,036	12,912
Depreciation charge	(1,964)	(14,558)	(16,522)
As at 31 December 2025	66,558	17,027	83,585

The Company

	Leasehold land	Plant and office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023			
As at 1 January 2023	23,578	150	23,728
Additions	—	13,007	13,007
Depreciation charge	(911)	(3,871)	(4,782)
As at 31 December 2023	22,667	9,286	31,953
As at 31 December 2024			
As at 1 January 2024	22,667	9,286	31,953
Additions	—	1,512	1,512
Depreciation charge	(911)	(5,965)	(6,876)
As at 31 December 2024	21,756	4,833	26,589
As at 31 December 2025			
As at 1 January 2025	21,756	4,833	26,589
Additions	1,918	10,036	11,954
Depreciation charge	(925)	(6,402)	(7,327)
As at 31 December 2025	22,749	8,467	31,216

As at the end of each of the Relevant Periods, right-of-use assets with carrying amounts of approximately RMB65,623,000, RMB63,745,000 and RMB56,062,000, respectively, were pledged to secure certain bank borrowings of the Group (note 27).

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	7,347	37,112	23,899
New leases	37,927	1,512	10,036
Accretion of interest recognised during the year	1,358	1,273	816
Payments	(9,520)	(15,998)	(15,712)
Carrying amount at 31 December	37,112	23,899	19,039
Analysed into:			
Current portion	16,101	13,692	8,831
Non-current portion	21,011	10,207	10,208
Total	37,112	23,899	19,039

The maturity analysis of lease liabilities is disclosed in note 42 to the Historical Financial Information.

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	157	10,126	5,600
New leases	13,007	1,512	10,036
Accretion of interest recognised during the year	394	285	205
Payments	(3,432)	(6,323)	(6,689)
Carrying amount at 31 December	10,126	5,600	9,152
Analysed into:			
Current portion	6,391	5,434	5,391
Non-current portion	3,735	166	3,761
Total	10,126	5,600	9,152

(c) The amounts recognised in profit or loss of the Group in relation to leases are as follows:

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets	13,169	16,123	16,522
Interest charge on lease liabilities	1,358	1,273	816
Expenses relating to short-term leases	1,314	1,309	1,635
Total amount recognised in profit or loss	15,841	18,705	18,973

(d) The total cash outflow for leases is disclosed in note 37(c) to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings and property, plant and equipment under operating lease arrangements. Rental income recognised by the Group during the Relevant Periods was RMB15,894,000, RMB27,684,000 and RMB25,435,000, respectively, details of which are included in note 5 to the Historical Financial Information.

17. OTHER INTANGIBLE ASSETS

The Group

	Patents	Proprietary technology	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023				
Cost	8,120	5,251	5,640	19,011
Accumulated amortization	(1,491)	(1,620)	(3,847)	(6,958)
Net carrying amount	6,629	3,631	1,793	12,053
Cost at 1 January 2023, net of accumulated amortization	6,629	3,631	1,793	12,053
Additions	9,872	2,500	4,028	16,400
Amortization provided during the year	(1,011)	(725)	(700)	(2,436)
At 31 December 2023, net of accumulated amortization	15,490	5,406	5,121	26,017
At 31 December 2023				
Cost	17,992	7,751	9,668	35,411
Accumulated amortization	(2,502)	(2,345)	(4,547)	(9,394)
Net carrying amount	15,490	5,406	5,121	26,017

	Patent	Proprietary technology	Software	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	17,992	7,751	9,668	—	35,411
Accumulated amortization	(2,502)	(2,345)	(4,547)	—	(9,394)
Net carrying amount	15,490	5,406	5,121	—	26,017
Cost at 1 January 2024, net of accumulated amortization	15,490	5,406	5,121	—	26,017
Additions	189	—	1,505	14,337	16,031
Amortization provided during the year	(1,633)	(775)	(1,468)	—	(3,876)
At 31 December 2024, net of accumulated amortization	14,046	4,631	5,158	14,337	38,172
At 31 December 2024					
Cost	18,181	7,751	11,173	14,337	51,442
Accumulated amortization	(4,135)	(3,120)	(6,015)	—	(13,270)
Net carrying amount	14,046	4,631	5,158	14,337	38,172

	Patent	Proprietary technology	Software	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	18,181	7,751	11,173	14,337	51,442
Accumulated amortization	(4,135)	(3,120)	(6,015)	—	(13,270)
Net carrying amount	14,046	4,631	5,158	14,337	38,172
Cost at 1 January 2025, net of accumulated amortization	14,046	4,631	5,158	14,337	38,172
Additions	—	—	580	288,437	289,017
Disposals	(7,479)	—	—	—	(7,479)
Amortization provided during the year	(1,603)	(775)	(1,588)	—	(3,966)
At 31 December 2025, net of accumulated amortization	4,964	3,856	4,150	302,774	315,744
At 31 December 2025					
Cost	8,319	7,751	11,753	302,774	330,597
Accumulated amortization	(3,355)	(3,895)	(7,603)	—	(14,853)
Net carrying amount	4,964	3,856	4,150	302,774	315,744

The Company

	Patent	Proprietary technology	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023				
Cost	5,130	5,251	5,202	15,583
Accumulated amortization	(1,185)	(1,620)	(3,565)	(6,370)
Net carrying amount	3,945	3,631	1,637	9,213
Cost at 1 January 2023, net of accumulated amortization	3,945	3,631	1,637	9,213
Additions	—	500	301	801
Amortization provided during the year	(290)	(542)	(475)	(1,307)
At 31 December 2023, net of accumulated amortization	3,655	3,589	1,463	8,707
At 31 December 2023				
Cost	5,130	5,751	5,503	16,384
Accumulated amortization	(1,475)	(2,162)	(4,040)	(7,677)
Net carrying amount	3,655	3,589	1,463	8,707

	Patent	Proprietary technology	Software	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	5,130	5,751	5,503	—	16,384
Accumulated amortization	(1,475)	(2,162)	(4,040)	—	(7,677)
Net carrying amount	3,655	3,589	1,463	—	8,707
Cost at 1 January 2024, net of accumulated amortization	3,655	3,589	1,463	—	8,707
Additions	—	—	1,505	295	1,800
Amortization provided during the year	(290)	(575)	(675)	—	(1,540)
At 31 December 2024, net of accumulated amortization and impairment	3,365	3,014	2,293	295	8,967
At 31 December 2024					
Cost	5,130	5,751	7,008	295	18,184
Accumulated amortization	(1,765)	(2,737)	(4,715)	—	(9,217)
Net carrying amount	3,365	3,014	2,293	295	8,967

	Patent	Proprietary technology	Software	Capitalised development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	5,130	5,751	7,008	295	18,184
Accumulated amortization	(1,765)	(2,737)	(4,715)	—	(9,217)
Net carrying amount	3,365	3,014	2,293	295	8,967
Cost at 1 January 2025, net of accumulated amortization	3,365	3,014	2,293	295	8,967
Additions	—	—	279	4,888	5,167
Amortization provided during the year	(291)	(575)	(749)	—	(1,615)
At 31 December 2025, net of accumulated amortization and impairment	3,074	2,439	1,823	5,183	12,519
At 31 December 2025					
Cost	5,130	5,751	7,287	5,183	23,351
Accumulated amortization	(2,056)	(3,312)	(5,464)	—	(10,832)
Net carrying amount	3,074	2,439	1,823	5,183	12,519

Included in intangible assets, capitalised development costs not yet available for use and not subject to amortization were nil, RMB14,337,000 and RMB302,774,000 as at the end of each of the Relevant Periods.

The annual impairment test was performed for intangible assets not available for use to determine recoverable amounts based on a value in use calculation using the discounted cash flow model. The Group estimated the forecast period for each pharmaceutical products until estimated useful life. The estimated revenue of each product is based on management's estimate of timing of commercialisation. The costs and operating expenses are estimated as a percentage over the revenue in the forecast period. The discount rates used are pre-tax and reflect specific risks relating to the relevant products that would be considered by market participants.

The table below sets forth the key assumptions used in the intangible assets' impairment test, including the discount rate and expected average revenue growth rate of drug candidates in Phase III clinical trials, as of 31 December 2024 and 2025:

	31 December 2024	31 December 2025
	RMB'000	*RMB'000*
Average revenue growth rate	53%–76%	53%–76%
Pre-tax discount rate	17.6%–17.7%	17.8%

The Group performs the sensitivity test by increasing 1% of pre-tax discount rate or decreasing 1% of average revenue growth rate, which are the key assumptions that determine the recoverable amount of the intangible assets, with all other variables held constant. The impacts on the amount by which the intangible assets' recoverable amount above the carrying amount (headroom) are as below:

	31 December 2024	31 December 2025
	RMB'000	*RMB'000*
Headroom	4,407,016	4,943,953
Impact by increasing pre-tax discount rate	(365,310)	(671,770)
Impact by decreasing average revenue growth rate	(444,479)	(537,078)

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of capitalized development costs to exceed the recoverable amount as at 31 December 2024 and 2025.

18. INVESTMENTS IN ASSOCIATES

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	40,294	35,847	44,797
Goodwill on acquisition	3,196	3,196	77,994
Total	43,490	39,043	122,791

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	28,603	26,444	26,323
Goodwill on acquisition	3,196	3,196	77,994
Total	31,799	29,640	104,317

The Group's and the Company's trade receivable balances due from the associates are disclosed in note 39 to the Historical Financial Information.

Particulars of the Group's and the Company's material associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenzhen Oralead Pharma Ltd. ("**Oralead Pharma**")	Ordinary shares	PRC/Chinese mainland	24.42%	Pharmaceutical research and development

Oralead Pharma, which is considered a material associate of the Group, is a strategic partner of the Group engaged in research and development of oral delivery technologies and drug pipelines.

In May 2024, the Group acquired 4.6948% equity interest in Oralead Pharma at a cash consideration of RMB10,000,000. The equity investment was irrevocably designated at FVTOCI as the Group considers this investment to be strategic in nature. In June 2025, the Group acquired additional 25.4716% equity interest in Oralead Pharma at a cash consideration of RMB86,590,000. As such, the Group has the power to appoint two out of five directors under the Articles of Association of Oralead Pharma and is able to exercise significant influence over Oralead Pharma since June 2025. In October 2025, Oralead Pharma introduced new investors. Upon completion of the transaction, the Group's ownership in Oralead Pharma decreased to 24.42%. The Group is still able to exercise significant influence over Oralead Pharma.

The following table illustrates the summarised financial information in respect of Oralead Pharma adjusted for any differences in accounting policies and reconciled to the carrying amount in the Historical Financial Information:

	2025
	RMB'000
Current assets	56,643
Non-current assets	71,460
Current liabilities	13,844
Non-current liabilities	109,660
Net assets	4,599
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	24.42%
Group's share of net assets of the associate	1,123
Goodwill on acquisition	74,798
Carrying amount of the investment	75,921
Revenue	6,358
Losses for the period	(20,494)
Total comprehensive loss for the period	(20,494)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' losses and total comprehensive loss for the year	(13,605)	(9,162)	(6,649)
Aggregate carrying amounts of the Group's investment in the associates	43,490	39,043	46,870

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share of the associates' losses and total comprehensive loss for the year	(3,839)	(2,159)	(1,244)
Aggregate carrying amounts of the Group's investment in the associates	31,799	29,640	28,396

19. EQUITY INVESTMENTS DESIGNATED AT FVTOCI

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at FVTOCI			
Unlisted equity investments, at fair value	110,700	86,196	113,171

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Equity investments designated at FVTOCI			
Unlisted equity investments, at fair value	110,700	86,196	113,171

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

20. FINANCIAL ASSETS AT FVTPL

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Wealth management product	50,617	—	—
Non-current:			
Unlisted fund investments, at fair value	271,666	311,821	415,122
Unlisted equity investment, at fair value	—	—	20,000
Total	271,666	311,821	435,122

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Wealth management product	50,617	—	—
Non-current:			
Unlisted fund investments, at fair value	213,518	244,617	344,828
Unlisted equity investment, at fair value	—	—	20,000
Total	213,518	244,617	364,828

The above wealth management product is issued by a financial institution in Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

The fair values of the unlisted fund investments are based on the net asset values of the funds reported to the limited partners by the general partners at the end of each of the Relevant Periods.

The fair values of the unlisted equity investment is determined using the market approach (recent transaction method, in particular).

21. INVENTORIES

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	45,059	43,134	55,563
Work in progress	128,749	160,637	162,109
Finished goods	170,820	160,844	146,581
Total	344,628	364,615	364,253

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	6,761	673	513
Work in progress	14,045	11,475	5,142
Finished goods	41,433	37,320	12,626
Total	62,239	49,468	18,281

22. TRADE AND BILLS RECEIVABLES

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	308,064	364,431	368,437
Bills receivables at amortised cost	2,365	1,402	200
Bills receivables at FVTOCI	23,532	10,326	13,378
Impairment	(25,086)	(36,655)	(52,014)
Total	308,875	339,504	330,001

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	180,804	239,861	165,183
Bills receivables at amortised cost	250	85	—
Bills receivables at FVTOCI	3,738	7,144	2,070
Impairment	(16,864)	(25,871)	(18,050)
Total	167,928	221,219	149,203

The Group's trading terms with its customers are on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at the end of each of the Relevant Periods, the Group's trade receivables of nil, RMB26,019,000 and RMB43,000,000, respectively, were pledged as collateral for the Group's bank and other borrowings. Trade and bills receivables are non-interest-bearing.

The Group's bills receivables were bank acceptance bills aged within six months. Bills receivables are subject to impairment under the simplified approach, and the impact is considered to be minimal.

An ageing analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	294,007	330,478	305,208
1 to 2 years	9,607	4,909	22,806
2 to 3 years	5,261	4,117	1,987
Total	308,875	339,504	330,001

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	156,073	217,292	148,112
1 to 2 years	8,583	379	940
2 to 3 years	3,272	3,548	151
Total	167,928	221,219	149,203

The movements in the loss allowance for trade receivables are as follows:

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	24,185	25,086	36,655
Impairment losses, net	901	11,569	19,687
Amount written off as uncollectible	—	—	(4,328)
At end of year	25,086	36,655	52,014

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	19,556	16,864	25,871
Impairment losses, net	(2,692)	9,007	(3,493)
Amount written off as uncollectible	—	—	(4,328)
At end of year	16,864	25,871	18,050

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on the ageing of receivables of the customers. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

At 31 December 2023:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	8.14%
Gross carrying amount (RMB'000)	282,221	10,675	10,521	4,647	308,064
Expected credit losses (RMB'000)	14,111	1,068	5,260	4,647	25,086

At 31 December 2024:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	10.06%
Gross carrying amount (RMB'000)	335,527	5,454	8,234	15,216	364,431
Expected credit losses (RMB'000)	16,777	545	4,117	15,216	36,655

At 31 December 2025:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	3.16%	49.83%	63.28%	100.00%	14.12%
Gross carrying amount (RMB'000)	301,147	45,458	5,412	16,420	368,437
Expected credit losses (RMB'000)	9,517	22,652	3,425	16,420	52,014

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

The Company

At 31 December 2023:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	9.33%
Gross carrying amount (RMB'000)	160,089	9,537	6,544	4,634	180,804
Expected credit losses (RMB'000)	8,004	954	3,272	4,634	16,864

At 31 December 2024:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	5.00%	10.00%	50.00%	100.00%	10.79%
Gross carrying amount (RMB'000)	221,119	421	7,096	11,225	239,861
Expected credit losses (RMB'000)	11,056	42	3,548	11,225	25,871

At 31 December 2025:

	Ageing				
	Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	3.16%	49.83%	63.28%	100.00%	10.93%
Gross carrying amount (RMB'000)	150,808	1,873	412	12,090	165,183
Expected credit losses (RMB'000)	4,766	933	261	12,090	18,050

Transferred financial assets that are not derecognised in their entirety

The Group

As at the end of each of the Relevant Periods, the Group's bills receivable amounted to RMB566,000, RMB745,000 and RMB200,000, respectively, were endorsed to certain suppliers for settlement of trade payables and other payables. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivable to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivable and has recognised the payables from the endorsement of the bills with full recourse.

The Company

As at the end of each of the Relevant Periods, the Company's bills receivable amounted to RMB250,000, nil and nil, respectively, were endorsed to certain suppliers for settlement of trade payables and other payables. If the bills are not paid on maturity, the suppliers have the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to the bills receivable to its suppliers upon endorsement, it continues to recognise the full carrying amount of bills receivable and has recognised the payables from the endorsement of the bills with full recourse.

Transferred financial assets that are derecognised in their entirety

The Group

As at the end of each of the Relevant Periods, the Group had derecognised bills receivable endorsed to certain suppliers on a full recourse basis amounting to RMB137,412,000, RMB115,684,000 and RMB137,845,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings. Therefore, the directors of the Group considered that the substantial risk in relation to these bills was interest risk as the credit risk arising from these bills was minimal. The Group had transferred substantially all the risks of these bills to relevant banks or suppliers. As a result, the relevant assets and liabilities were derecognised on the consolidated statements of financial position.

The Company

As at the end of each of the Relevant Periods, the Company had derecognised bills receivable endorsed to certain suppliers on a full recourse basis amounting to RMB25,756,000, RMB17,595,000 and RMB33,176,000, respectively. These bills were issued or guaranteed by reputable PRC banks with high credit ratings. Therefore, the directors of the Company considered the substantial risk in relation to these bills was interest risk as the credit risk arising from these bills was minimal. The Company had transferred substantially all the risks of these bills to relevant banks or suppliers. As a result, the relevant assets and liabilities were derecognised on the statements of financial position of the Company.

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	53,725	112,599	66,497
Deferred [REDACTED]	—	—	21,032
Tax recoverable	59,157	56,374	38,685
Deposits	4,773	4,628	5,796
Other receivables	822	1,003	893
Impairment allowance	(2,151)	(4,145)	(4,733)
Total	116,326	170,459	128,170
Non-current:			
Prepayments for property, plant and equipment	38,109	16,462	15,777
Prepayments for equity investments	3,529	—	—
Intention payments for the purchase of non-controlling interests in a subsidiary	—	80,000	—
Deposits	—	2,100	7,100
Tax recoverable	—	—	19,958
Total	41,638	98,562	42,835

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Prepayments	28,050	5,828	15,451
Deferred [REDACTED]	—	—	21,032
Tax recoverable	19,342	10,803	9,877
Deposits	6,632	8,328	4,112
Other receivables	583	823	730
Impairment allowance	(1,855)	(3,382)	(3,444)
Total	52,752	22,400	47,758
Non-current:			
Prepayments for property, plant and equipment	33,593	8,060	8,669
Intention payments for the purchase of non-controlling interests in a subsidiary	—	80,000	—
Total	33,593	88,060	8,669

The balances of other receivables as at the end of each of the Relevant Periods, were unsecured, interest-free and repayable on demand.

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	971,041	754,102	955,063
Pledged deposits	27,005	11,251	6,001
Total	998,046	765,353	961,064
Less:			
Pledged deposits for bills payable	(12,005)	(11,251)	(6,001)
Pledged deposits for letters of credit	(15,000)	—	—
Cash and cash equivalents	971,041	754,102	955,063
Denominated in			
RMB	851,521	618,136	886,448
USD	128,518	117,586	48,562
Others	18,007	29,631	26,054
Total	998,046	765,353	961,064

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	688,818	399,784	525,138
Pledged deposits	16,501	11,251	1
Total	705,319	411,035	525,139
Less:			
Pledged deposits for bills payable	(1,501)	(11,251)	(1)
Pledged deposits for letters of credit	(15,000)	—	—
Cash and cash equivalents	688,818	399,784	525,138
Denominated in			
RMB	560,479	265,239	452,028
USD	127,174	116,514	47,429
Others	17,666	29,282	25,682
Total	705,319	411,035	525,139

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

25. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bill payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	138,973	187,998	125,122
1 to 2 years	2,719	477	91
2 to 3 years	232	688	45
Over 3 years	237	462	438
Total	142,161	189,625	125,696

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	24,534	61,457	8,937
1 to 2 years	1,502	28	50
2 to 3 years	66	97	5
Over 3 years	203	257	354
Total	26,305	61,839	9,346

The trade and bill payables are non-interest-bearing and are normally settled on terms of 30 days to 120 days.

26. OTHER PAYABLES AND ACCRUALS/OTHER LONG-TERM PAYABLES

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payroll payable	49,127	51,809	56,171
Other payables	27,372	23,538	29,005
Other tax payables	3,855	9,969	11,618
Payables relating to purchases of items of property, plant and equipment	86,016	76,378	57,037
Payables related to sale and leaseback arrangements*	—	6,719	61,273
Payables related to factoring	—	—	15,840
Accrued [REDACTED]	—	—	2,101
Total-current	166,370	168,413	233,045
Non-current			
Payables related to sale and leaseback arrangements*	—	14,389	101,808
Payables related to factoring	—	—	12,456
Total-non-current	—	14,389	114,264

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Payroll payable	19,308	21,595	20,843
Other payables	7,546	5,721	4,897
Other tax payables	452	491	1,070
Payables relating to purchases of items of property, plant and equipment	28,588	16,013	18,117
Payables related to sale and leaseback arrangements*	—	—	37,656
Accrued [REDACTED]	—	—	2,101
Total-current	55,894	43,820	84,684
Non-current			
Payables related to sale and leaseback arrangements*	—	—	64,788
Total-non-current	—	—	64,788

Other payables, except for payables related to sale and leaseback arrangements and payables related to factoring, are non-interest-bearing and repayable on demand.

* To better manage the Group's capital structure and financing needs, the Group entered into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the Relevant Periods, the Group raised nil, RMB21,000,000 and RMB170,000,000 financing in respect of such sale and leaseback arrangements, and paid nil, RMB2,100,000 and RMB2,000,000 deposits, respectively.

27. INTEREST-BEARING BANK BORROWINGS

The Group

	31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2024	10,000
Bank loans — unsecured	One-year LPR-75bps to one-year LPR-10bps	2024	65,000
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR + 20bps to one-year LPR + 30bps	2024	81,874
Current portion of long-term bank loans — unsecured	3.85	2024	65,000
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2024	59,996
Current portion of long-term bank loans — guaranteed *(notes (a)&(b))*	One-year LPR + 5bps to one-year LPR + 80bps	2024	39,364
Current portion of long-term bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-45bps to one-year LPR + 105bps	2024	233,569
Total — current			554,803
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025–2026	146,495
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR + 15bps to one-year LPR + 80bps	2025–2026	286,978
Bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-45bps to 2.35 + six-month secured overnight financing rate ("SOFR")	2025–2029	751,185
Total — non-current			1,184,658
Total			1,739,461

	31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2025	10,000
Bank loans — unsecured	One-year LPR-25bps	2025	20,000
Bank loans — guaranteed *(note (b))*	2.70–3.20	2025	4,170
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-45bps to one-year LPR-10bps	2025	55,075
Bank loans — secured *(note (c))*	2.90	2025	26,019
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025	105,556
Current portion of long-term bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-25bps to one-year LPR + 80bps	2025	212,264
Current portion of long-term bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-20bps to one-year LPR + 105bps	2025	199,136
Total — current			632,220
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 45bps	2026–2029	234,288
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-50bps to one-year LPR + 65bps	2026–2027	412,846
Bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-20bps to 2.35 + six-month SOFR	2026–2029	462,799
Total — non-current			1,109,933
Total			1,742,153

	31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	One-year LPR-50bps to one-year LPR-30bps	2026	30,000
Bank loans — guaranteed *(note (b))*	3.20	2026	10,040
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-20bps to one-year LPR + 8bps	2026	60,068
Bank loans — secured *(note (c))*	2.70	2026	10,000
Current portion of long-term bank loans — unsecured	3.10	2026	400
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2026	124,768
Current portion of long-term bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2026	17,220
Current portion of long-term bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-50bps to one-year LPR + 90bps	2026	307,246
Current portion of long-term bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-30bps to one-year LPR + 105bps	2026	309,627
Total — current			869,369
Non-current			
Bank loans — unsecured	3.10	2027	19,200
Bank loans — unsecured	One-year LPR-15bps to one-year LPR + 30bps	2027–2029	135,605
Bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2027–2029	100,070
Bank loans — guaranteed *(notes (a)&(b))*	One-year LPR-30bps to one-year LPR + 90bps	2027–2028	237,270
Bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-20bps to 2.35 + six-month SOFR	2027–2030	225,888
Total — non-current			718,033
Total			1,587,402

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans:			
Within one year or on demand	554,803	632,220	869,369
In the second year	579,579	695,362	497,465
In the third to fifth years, inclusive	561,550	414,571	220,568
Beyond five years	43,529	—	—
Total	1,739,461	1,742,153	1,587,402
Analysed into:			
Fixed interest rate	75,000	40,189	39,640
Variable interest rate	1,664,461	1,701,964	1,547,762
Total	1,739,461	1,742,153	1,587,402

The Company

	31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2024	10,000
Bank loans — unsecured	One-year LPR-75bps to one-year LPR-10bps	2024	65,000
Bank loans — guaranteed *(note (b))*	One-year LPR + 25bps	2024	57,346
Current portion of long-term bank loans — unsecured	3.85	2024	65,000
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2024	59,996
Current portion of long-term bank loans — guaranteed *(note (b))*	One-year LPR + 5bps to one-year LPR + 80bps	2024	23,196
Current portion of long-term bank loans — secured and guaranteed *(note (c))*	One-year LPR-45bps to one-year LPR + 10bps	2024	155,000
Total — current			435,538
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025–2026	146,495
Bank loans — guaranteed *(note (b))*	One-year LPR + 15bps to one-year LPR + 80bps	2025–2026	235,301
Bank loans — secured and guaranteed *(notes (a)&(c))*	One-year LPR-45bps to 2.35 + six-month SOFR	2025–2029	474,868
Total — non-current			856,664
Total			1,292,202

	31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	3.45	2025	10,000
Bank loans — unsecured	One-year LPR-25bps	2025	20,000
Bank loans — guaranteed *(note (b))*	2.70–3.20	2025	4,170
Bank loans — guaranteed *(note (b))*	One-year LPR-45bps to One-year LPR-10bps	2025	30,054
Bank loans — secured *(note (c))*	2.90	2025	16,019
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2025	105,556
Current portion of long-term bank loans — guaranteed *(note (b))*	One-year LPR-25bps to one-year LPR + 80bps	2025	162,831
Current portion of long-term bank loans — secured and guaranteed *(note (c))*	One-year LPR-20bps to one-year LPR + 10bps	2025	110,000
Total — current			458,630
Non-current			
Bank loans — unsecured	One-year LPR-35bps to one-year LPR + 45bps	2026–2029	234,288
Bank loans — guaranteed *(note (b))*	One-year LPR-25bps to one-year LPR + 65bps	2026–2027	223,901
Bank loans — secured and guaranteed *(notes(a)&(c))*	One-year LPR-20bps to 2.35 + six-month SOFR	2026–2029	273,182
Total — non-current			731,371
Total			1,190,001

	31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank loans — unsecured	One-year LPR-50bps to one-year LPR-30bps	2026	30,000
Bank loans — guaranteed *(note (b))*	3.20	2026	10,040
Bank loans — guaranteed *(note (b))*	One-year LPR-20bps to one-year LPR + 8bps	2026	10,027
Current portion of long-term bank loans — unsecured	3.10	2026	400
Current portion of long-term bank loans — unsecured	One-year LPR-35bps to one-year LPR + 55bps	2026	124,768
Current portion of long-term bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2026	17,220
Current portion of long-term bank loans — guaranteed *(note (b))*	One-year LPR-25bps to one-year LPR + 90bps	2026	131,335
Current portion of long-term bank loans — secured and guaranteed *(note (c))*	One-year LPR-20bps	2026	110,000
Total — current			433,790
Non-current			
Bank loans — unsecured	3.10	2027	19,200
Bank loans — unsecured	One-year LPR-15bps to one-year LPR + 30bps	2027–2029	135,605
Bank loans — unsecured	Five-year LPR-65bps to five-year LPR-20bps	2027–2029	100,070
Bank loans — guaranteed *(note (b))*	One-year LPR-25bps to one-year LPR + 90bps	2027–2028	158,920
Bank loans — secured and guaranteed *(notes(a)&(c))*	One-year LPR-20bps to 2.35 + six-month SOFR	2027–2030	205,560
Total — non-current			619,355
Total			1,053,145

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	435,538	458,630	433,790
In the second year	457,834	348,699	427,115
In the third to fifth years, inclusive	355,301	382,672	192,240
Beyond five years	43,529	—	—
Total	1,292,202	1,190,001	1,053,145
Analysed into:			
Fixed interest rate	75,000	30,189	29,640
Variable interest rate	1,217,202	1,159,812	1,023,505
Total	1,292,202	1,190,001	1,053,145

Notes:

(a) As at the end of each of the Relevant Periods, the Group's bank borrowings amounting to RMB417,387,000, RMB481,253,000 and RMB500,655,000, respectively, were guaranteed by the Company.

(b) Certain loans were guaranteed by the directors of the Company. Refer to note 39 for details.

(c) Details of the assets of the Group as at the end of each of the Relevant Periods that have been pledged as collateral to secure the bank borrowings are set out in notes 14, 16 and 22.

(d) Certain bank borrowings are subjected to loan covenants. The Group and the Company are in complying with these covenants as at the end of each of the Relevant Periods.

28. CONTRACT LIABILITIES

The Group

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Advances received from customers			
Product sales	16,762	13,136	20,642
Research and development services	7,241	14,883	4,918
Total	24,003	28,019	25,560
Non-current			
Advances received from customers			
Research and development services	—	—	10,141
Licensing revenue	—	—	80,189
Total	—	—	90,330

The Company

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Advances received from customers			
Product sales	7,402	6,233	6,696
Research and development services	200	2,087	2,689
Total	7,602	8,320	9,385
Non-current			
Advances received from customers			
Licensing revenue	—	—	80,189

29. CONVERTIBLE BONDS

On 4 January 2022, the Company issued convertible bonds with a nominal value of RMB465,000,000 (the "Convertible Bonds"). The Convertible Bonds have an original term of six years from 4 January 2022 to 3 January 2028, and the bear interest at rates ranging from 0.04% to 3.00% per annum, which is payable yearly in arrears in January. The holders of the Convertible Bond may exercise their rights to convert the Convertible Bonds into the Company's ordinary shares at the stipulated conversion price. Any Convertible Bonds not converted will be redeemed within five transaction days after the maturity of the Convertible Bonds at a price of RMB1.15 per RMB1 bond (including interest of the last period).

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued have been split into the liability and equity components as follows:

The Group and the Company

	Carrying amount *RMB'000*
Liability component at 1 January 2023	405,830
Conversion	(46)
Interests capitalised	26,337
Interest paid	(1,860)
Liability component at 31 December 2023 and 1 January 2024	430,261
Conversion	(3)
Interests capitalised	27,876
Interest paid	(2,790)
Liability component at 31 December 2024 and 1 January 2025	455,344
Conversion	(22,463)
Interests capitalised	34,569
Interest paid	(4,649)
Liability component at 31 December 2025	462,801

30. BONDS PAYABLE

On 17 October 2025, the Company issued a sci-tech innovation bond with a nominal value of RMB200,000,000 (the "Sci-tech Innovation Bond") on the China Interbank Bond Market. The Sci-tech Innovation Bond has an original term of three years from 21 October 2025 to 21 October 2028, and the bear interest at rates ranging 3.19% per annum, which is payable yearly in arrears in October.

The Group and the Company

	Carrying amount *RMB'000*
Nominal value of bonds issued during the year	200,000
As at 1 January 2025	—
Addition	193,510
Interest expense	1,667
As at 31 December 2025	195,177

31 DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods:

Deferred tax assets

The Group

	Impairment provision for non-financial assets	Impairment allowance for receivables	Tax losses	Deferred income	Fair value losses on financial instruments at FVTPL	Lease liabilities	Contract liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022 and 1 January 2023	2,744	3,628	13,550	3,900	132	1,102	—	25,056
Credited to profit or loss during the year *(note 11)*	1,294	172	12,390	4,361	203	4,022	—	22,442
At 31 December 2023 and 1 January 2024	4,038	3,800	25,940	8,261	335	5,124	—	47,498
Credited/(Charged) to profit or loss during the year *(note 11)*	2,335	1,443	22,875	4,296	224	(1,892)	—	29,281
At 31 December 2024 and 1 January 2025	6,373	5,243	48,815	12,557	559	3,232	—	76,779
Credited/(Charged) to profit or loss during the year *(note 11)*	2,455	706	15,709	3,407	(475)	(678)	12,028	33,152
At 31 December 2025	8,828	5,949	64,524	15,964	84	2,554	12,028	109,931

The Group has tax losses arising in Chinese mainland of RMB118,102,000 and RMB215,106,000 and RMB251,887,000 at end of the each of the Relevant Periods that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have mainly arisen in the certain subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

	Impairment provision for non-financial assets	Impairment allowance for receivables	Deferred income	Fair value losses on financial instruments at FVTPL	Lease liabilities	Contract liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2022 and 1 January 2023	2,319	2,933	2,400	132	24	—	7,808
Credited/(Charged) to profit or loss during the year	(728)	(403)	1,065	203	1,369	—	1,506
At 31 December 2023 and 1 January 2024	1,591	2,530	3,465	335	1,393	—	9,314
Credited/(Charged) to profit or loss during the year	1,091	1,351	1,093	225	(667)	—	3,093
At 31 December 2024 and 1 January 2025	2,682	3,881	4,558	560	726	—	12,407
Credited/(Charged) to profit or loss during the year	261	(1,174)	4,240	(476)	544	12,028	15,423
At 31 December 2025	2,943	2,707	8,798	84	1,270	12,028	27,830

Deferred tax liabilities

The Group

	Fair value adjustments arising from financial assets at FVTPL	Right-of-use assets	Convertible bonds	Bonds payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	18	1,102	11,347	—	12,467
Charged to profit or loss during the year *(note 11)*	75	4,022	—	—	4,097
Credited to equity	—	—	(1)	—	(1)
At 31 December 2023 and 1 January 2024	93	5,124	11,346	—	16,563
Credited to profit or loss during the year *(note 11)*	(93)	(1,892)	—	—	(1,985)
At 31 December 2024 and 1 January 2025	—	3,232	11,346	—	14,578
Charged/(credited) to profit or loss during the year *(note 11)*	981	(678)	—	912	1,215
Credited to equity	—	—	(541)	—	(541)
At 31 December 2025	981	2,554	10,805	912	15,252

The Company

	Fair value adjustments arising from financial assets at FVTPL	Right-of-use assets	Convertible bonds	Bonds payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	18	23	11,347	—	11,388
Charged to profit or loss during the year	75	1,370	—	—	1,445
Credited to equity	—	—	(1)	—	(1)
At 31 December 2023 and 1 January 2024	93	1,393	11,346	—	12,832
Credited to profit or loss during the year	(93)	(668)	—	—	(761)
At 31 December 2024 and 1 January 2025	—	725	11,346	—	12,071
Charged to profit or loss during the year	981	545	—	912	2,438
Credited to equity	—	—	(541)	—	(541)
At 31 December 2025	981	1,270	10,805	912	13,968

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	47,498	76,779	109,931
Offsetting amounts	(13,045)	(14,578)	(15,252)
Net deferred tax assets recognised in the consolidated statements of financial position	34,453	62,201	94,679
Deferred tax liabilities	16,563	14,578	15,252
Offsetting amounts	(13,045)	(14,578)	(15,252)
Net deferred tax liabilities recognised in the consolidated statements of financial position	3,518	—	—

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	9,314	12,407	27,830
Offsetting amounts	(9,314)	(12,071)	(13,968)
Net deferred tax assets recognised in the consolidated statements of financial position	—	336	13,862
Deferred tax liabilities	12,832	12,071	13,968
Offsetting amounts	(9,314)	(12,071)	(13,968)
Net deferred tax liabilities recognised in the consolidated statements of financial position	3,518	—	—

32. DEFERRED INCOME

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	56,070	84,710	107,547

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants	23,100	30,389	58,650

The Group's deferred income mainly represents government grants related to long-term assets in production and research and development facilities.

32. SHARE CAPITAL

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid: 2023: 422,466,533, 2024: 422,466,646, 2025: 423,103,851 ordinary shares of RMB1.00 each	422,467	422,467	423,104

A summary of movements in the share capital is as follows:

	Number of shares	Nominal value of shares
		RMB'000
At 31 December 2022 and 1 January 2023	422,465,078	422,465
Conversion into ordinary shares *(note (a))*	1,455	2
At 31 December 2023 and 1 January 2024	422,466,533	422,467
Conversion into ordinary shares *(note (a))*	113	—*
At 31 December 2024 and 1 January 2025	422,466,646	422,467
Conversion into ordinary shares *(note (a))*	637,205	637
At 31 December 2025	423,103,851	423,104

* The amounts are less than RMB1,000.

Note:

(a) In 2023, 510 convertible bonds were converted into 1,455 ordinary shares.

In 2024, 40 convertible bonds were converted into 113 ordinary shares.

In 2025, 221,690 convertible bonds were converted into 637,205 ordinary shares.

34. TREASURY SHARES

A summary of movements in the Company's treasury shares is as follows:

	Number of shares	Treasury shares
		RMB'000
At 31 December 2023 and 1 January 2024	—	—
A shares repurchased	363,461	10,010
At 31 December 2024 and 1 January 2025	363,461	10,010
A shares repurchased	196,871	10,041
At 31 December 2025	560,332	20,051

Pursuant to the resolution of the board dated 6 February 2024, the Company repurchased 363,461 shares through public centralised trading on Shanghai Stock Exchange at a total consideration of RMB10,010,000 in March and April 2024.

Pursuant to the resolution of the board dated 26 September 2025, the Company repurchased 196,871 shares through public centralised trading on Shanghai Stock Exchange at a total consideration of RMB10,041,000 in October, November and December 2025.

35. EQUITY-SETTLED SHARE AWARD EXPENSE

2021 A Share Incentive Plan

Pursuant to the 2021 A Share incentive plan approved at the extraordinary general meeting on 8 February 2021 (the "2021 A Share Incentive Plan"), 2,000,000 shares of the Company were granted to certain eligible participants with an exercise price of RMB33.0 per share. According to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of shares will be vested in 12 months, 24 months and 36 months from the grant date, respectively. During the Relevant Periods, 746,400, nil and nil share awards were forfeited. During the Relevant Periods, no share was lapsed.

Chongqing Qiantai Restricted Share Awards

Pursuant to the capital increase agreement entered into in January 2025 by Chongqing Qiantai Medicine Research Institute Co., Ltd. ("Chongqing Qiantai"), a subsidiary of the Group, equity interests of RMB751,880 in Chongqing Qiantai were granted to certain employees of Chongqing Qiantai through the Chongqing Qianjin Enterprise Management Partnership (Limited Partnership) at a consideration of RMB7,500,000. The fair value of the share award granted is measured at the grant date at the market value of the share awards and is determined using the market approach (recent transaction method, in particular).

The Group reversed share-based compensation expenses of RMB4,603,000 during the year ended 31 December 2023, while recognised share-based compensation expenses of nil and RMB6,272,000 for the years ended 31 December 2024 and 2025, respectively.

36. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

Surplus reserve

In accordance with the Company Law of the People's Republic of China, the companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory surplus reserve is not available for dividend distribution to the shareholders of the PRC subsidiaries.

Fair value reserve

The fair value reserve represents the fair value change of equity investment designated at FVTOCI and bills receivables at FVTOCI.

Other reserve

Reserve arising from exchange fluctuation reserve, capital injection into a subsidiary by the non-controlling shareholders, acquisition of additional interest in subsidiaries from non-controlling interests, changes in equity of associates and the equity-settled share awards, details of which are set out in note 35 to the Historical Financial Information.

The Company

	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	908,366	64,302	20,843	(52,047)	58,502	407,131	1,407,097
Profit for the year	—	—	—	—	—	87,179	87,179
Changes in fair value of equity investments designated at FVTOCI	—	—	—	(8,487)	—	—	(8,487)
Convertible bonds converted into shares	53	(9)	—	—	—	—	44
Deferred tax on convertible bonds	—	1	—	—	—	—	1
Equity-settled share award expense	—	—	(4,603)	—	—	—	(4,603)
Appropriation to statutory surplus reserve	—	—	—	—	8,718	(8,718)	—
2022 dividend declared	—	—	—	—	—	(48,161)	(48,161)
Impact of disposal of interests in an associate	—	—	3,721	—	—	—	3,721
At 31 December 2023 and at 1 January 2024	908,419	64,294	19,961	(60,534)	67,220	437,431	1,436,791
Profit for the year	—	—	—	—	—	182,453	182,453
Changes in fair value of equity investments designated at FVTOCI	—	—	—	(34,503)	—	—	(34,503)
Convertible bonds converted into shares	4	(1)	—	—	—	—	3
Deferred tax on convertible bonds	—	—*	—	—	—	—	—*
Appropriation to statutory surplus reserve	—	—	—	—	18,245	(18,245)	—
2023 dividend declared	—	—	—	—	—	(40,522)	(40,522)
At 31 December 2024 and at 1 January 2025	908,423	64,293	19,961	(95,037)	85,465	561,117	1,544,222

	Share premium	Other equity instruments	Other reserve	Fair value reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit for the year	—	—	—	—	—	125,062	125,062
Changes in fair value of equity investments designated at FVTOCI	—	—	—	42,935	—	—	42,935
Convertible bonds converted into shares	25,432	(3,606)	—	—	—	—	21,826
Deferred tax on convertible bonds	—	541	—	—	—	—	541
Appropriation to statutory surplus reserve	—	—	—	—	12,506	(12,506)	—
2024 dividend declared	—	—	—	—	—	(40,551)	(40,551)
Transfer of fair value reserve upon the transfer of equity investments at FVTOCI	—	—	—	(5,960)	596	5,364	—
Impact of dilution of interests in an associate	—	—	(20,663)	—	—	—	(20,663)
At 31 December 2025	933,855	61,228	(702)	(58,062)	98,567	638,486	1,673,372

* The amounts are less than RMB1,000.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB37,927,000, RMB1,512,000 and RMB10,036,000, respectively, in respect of lease arrangements for plant and office premises.

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese mainland to certain of its suppliers in order to settle the other payables relating to purchases of items of property, plant and equipment with carrying amounts in aggregate of approximately RMB57,832,000, RMB45,606,000 and RMB42,077,000.

(b) Changes in 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.

	Interest-bearing bank borrowings	Lease liabilities	Long term payable	Convertible bonds	Bonds and issue costs payable	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,608,472	7,347	—	405,830	—	—	2,021,649
Changes from financing cash flows	53,152	(9,520)	—	(1,860)	—	(48,161)	(6,389)
Conversion of convertible bonds	—	—	—	(46)	—	—	(46)
New leases	—	37,927	—	—	—	—	37,927
Interest expense	43,066	1,358	—	—	—	—	44,424
Interest capitalised	30,794	—	—	26,337	—	—	57,131
Exchange differences	3,977	—	—	—	—	—	3,977
Dividends declared	—	—	—	—	—	48,161	48,161
At 31 December 2023 and 1 January 2024	1,739,461	37,112	—	430,261	—	—	2,206,834
Changes from financing cash flows	(77,055)	(15,998)	21,000	(2,790)	—	(40,522)	(115,365)
Conversion of convertible bonds	—	—	—	(3)	—	—	(3)
New leases	—	1,512	—	—	—	—	1,512
Interest expense	51,054	1,273	108	—	—	—	52,435
Interest capitalised	28,857	—	—	27,876	—	—	56,733
Exchange differences	(164)	—	—	—	—	—	(164)
Dividends declared	—	—	—	—	—	40,522	40,522
At 31 December 2024 and 1 January 2025	1,742,153	23,899	21,108	455,344	—	—	2,242,504

	Interest-bearing bank borrowings	Lease liabilities	Long term payable	Convertible bonds	Bonds and issue costs payable	Dividends payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Changes from financing cash flows	(226,537)	(15,712)	169,637	(4,649)	194,443	(40,551)	76,631
Conversion of convertible bonds	—	—	—	(22,463)	—	—	(22,463)
New leases	—	10,036	—	—	—	—	10,036
Interest expense	59,842	816	632	—	1,667	—	62,957
Interest capitalised	11,944	—	—	34,569	—	—	46,513
Dividends declared	—	—	—	—	—	40,551	40,551
At 31 December 2025	1,587,402	19,039	191,377	462,801	196,110	—	2,456,730

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	1,314	1,309	1,635
Within financing activities	9,520	15,998	15,712
Total	10,834	17,307	17,347

38. COMMITMENTS

The Group had the following capital commitments as at the end of each of the Relevant Periods:

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property, plant and equipment	213,990	147,188	204,909

39. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products:			
Associates	8	11	424
Rental income:			
Key management personnel served as a director	15,894	9,082	—
Rendering of services:			
Key management personnel served as a director	828	53	—
Purchases of products:			
Key management personnel served as a director	920	—	—
Associates	—	—	135
	920	—	135
Purchases of services:			
Close member of a key management personnel serves as the legal representative	—	91	702
Close member of a key management personnel serves as executive director	8	9	—
Associates	—	—	6,890
	8	100	7,592
Providing loans to an associate *(note)*	3,596	—	—

As at the end of each of the Relevant Periods, the Group's bank borrowings amounting to RMB330,692,000, RMB454,466,000 and RMB322,193,000, respectively, were guaranteed by Mr. Yuan Jiandong.

Note: The loans were repaid in 2024.

(b) Outstanding balances with related parties:

The Group

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from — trade in nature			
Associates	8	6	5,014
Key management personnel served as a director	8,058	—	—
Close member of a key management personnel serves as the legal representative	—	341	—
Total	8,066	347	5,014
Amounts due from — non-trade in nature			
Associates	13,180	—	—

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to — trade in nature			
Associates	—	—	128
Amounts due to — non-trade in nature			
Key management personnel served as a director	2,532	—	—

The Company

	31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from — trade in nature			
Subsidiaries	57,411	43,706	83,769
Associates	8	6	5,014
Close member of a key management personnel serves as the legal representative	—	341	—
Total	57,419	44,053	88,783
Amounts due from — non-trade in nature			
Subsidiaries	770,891	975,352	971,915
Associates	13,180	—	—
Total	784,071	975,352	971,915
Amounts due to — trade in nature			
Subsidiaries	88,375	225,992	403,890
Associates	—	—	128
Total	88,375	225,992	404,018
Amounts due to — non-trade in nature			
Subsidiaries	10,052	103,162	105,027

(c) Compensation of key management personnel

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	4,805	4,531	4,297
Performance related bonuses	2,687	2,401	6,688
Equity-settled share award expense	(845)	—	—
Employee retirement benefits and other staff welfare	324	292	263
Total compensation paid to key management personnel	6,971	7,224	11,248

Further details of directors' and the chief executive's remuneration are included in note 9 to the Historical Financial Information.

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

At 31 December 2023

Financial assets

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	—	23,532	285,343	308,875
Financial assets included in prepayments, other receivables and other assets	—	—	3,444	3,444
Equity investments designated at FVTOCI	—	110,700	—	110,700
Financial assets at FVTPL	322,283	—	—	322,283
Amounts due from related parties	—	—	21,246	21,246
Pledged deposits	—	—	27,005	27,005
Cash and cash equivalents	—	—	971,041	971,041
Total	322,283	134,232	1,308,079	1,764,594

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	142,161	—	142,161
Financial liabilities included in other payables and accruals	113,388	—	113,388
Interest-bearing bank borrowings	1,739,461	—	1,739,461
Derivative financial instruments	—	2,234	2,234
Amounts due to related parties	2,532	—	2,532
Convertible bonds	430,261	—	430,261
Total	2,427,803	2,234	2,430,037

At 31 December 2024

Financial assets

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	—	10,326	329,178	339,504
Financial assets included in prepayments, other receivables and other assets	—	—	3,586	3,586
Equity investments designated at FVTOCI	—	86,196	—	86,196
Financial assets at FVTPL	311,821	—	—	311,821
Amounts due from related parties	—	—	347	347
Pledged deposits	—	—	11,251	11,251
Cash and cash equivalents	—	—	754,102	754,102
Total	311,821	96,522	1,098,464	1,506,807

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	189,625	—	189,625
Financial liabilities included in other payables and accruals	106,635	—	106,635
Interest-bearing bank borrowings	1,742,153	—	1,742,153
Derivative financial instruments	—	3,735	3,735
Convertible bonds	455,344	—	455,344
Other long-term payables	14,389	—	14,389
Total	2,508,146	3,735	2,511,881

At 31 December 2025

Financial assets

	Financial assets at FVTPL	Financial assets at FVTOCI	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	—	13,378	316,623	330,001
Financial assets included in prepayments, other receivables and other assets	—	—	9,056	9,056
Equity investments designated at FVTOCI	—	113,171	—	113,171
Financial assets at FVTPL	435,122	—	—	435,122
Amounts due from related parties	—	—	5,014	5,014
Pledged deposits	—	—	6,001	6,001
Cash and cash equivalents	—	—	955,063	955,063
Total	435,122	126,549	1,291,757	1,853,428

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair value	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	125,696	—	125,696
Financial liabilities included in other payables and accruals	165,256	—	165,256
Interest-bearing bank borrowings	1,587,402	—	1,587,402
Derivative financial instruments	—	7,070	7,070
Bonds Payable	195,177	—	195,177
Convertible bonds	462,801	—	462,801
Amounts due to related parties	128	—	128
Other long-term payables	114,264	—	114,264
Total	2,650,724	7,070	2,657,794

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, trade and bills payables, amounts due to related parties, current portion of interest-bearing bank borrowings and financial liabilities included in other payables and accruals approximate to their carrying amounts as at the end of each of the Relevant Periods due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The manager reports directly to the chief financial officer. At each reporting date, the department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of bills receivable measured at FVTOCI have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments designed at FVTOCI have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair values of unlisted equity investments measured at FVTPL have been estimated using the market approach (recent transaction method, in particular), which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of each Relevant Periods.

The fair values of the unlisted fund investment are based on the net asset values of the underlying investments value at the end of each of the Relevant Periods.

The Group invests in wealth management products issued by a financial institution in Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments which are measured at fair value as at the end of each of the Relevant Periods:

Financial Assets	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value of the input
Investments in unlisted funds at fair value.	Level 3	Net asset value of underlying investment value	N/A	N/A
Unlisted equity investments at fair value	Level 3	Comparable company method/Back-solve from recent transaction price	The ratio of P/R&D	5% increase/decrease in the ratio of P/R&D would result in increase/decrease in fair value by RMB5,423,000, RMB3,682,000, and RMB5,305,000 at the end of each of the Relevant Periods

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables at FVTOCI. . .	—	23,532	—	23,532
Financial assets at FVTPL. . . .	—	50,617	271,666	322,283
Equity investments designated at FVTOCI	—	—	110,700	110,700
Total.	—	74,149	382,366	456,515

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables at FVTOCI	—	10,326	—	10,326
Financial assets at FVTPL	—	—	311,821	311,821
Equity investments designated at FVTOCI	—	—	86,196	86,196
Total	—	10,326	398,017	408,343

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables at FVTOCI	—	13,378	—	13,378
Financial assets at FVTPL	—	—	435,122	435,122
Equity investments designated at FVTOCI	—	—	113,171	113,171
Total	—	13,378	548,293	561,671

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	—	2,234	—	2,234

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	—	3,735	—	3,735

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities at FVTPL	—	7,070	—	7,070

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both the financial assets and financial liabilities.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, financial assets at FVTPL, financial assets at FVTOCI and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to interest rate risk for changes in interest rates related primarily to the Group's bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge its interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in base points	(Decrease)/ increase in profit before tax	(Decrease)/ increase in equity
		RMB'000	*RMB'000*
31 December 2023			
USD-dominated borrowings	50	(1,549)	(1,549)
USD-dominated borrowings	(50)	1,549	1,549
RMB-dominated borrowings	50	(6,537)	(6,537)
RMB-dominated borrowings	(50)	6,537	6,537
EUR-dominated borrowings	50	(236)	(236)
EUR-dominated borrowings	(50)	236	236
31 December 2024			
USD-dominated borrowings	50	(1,033)	(1,033)
USD-dominated borrowings	(50)	1,033	1,033
RMB-dominated borrowings	50	(7,476)	(7,476)
RMB-dominated borrowings	(50)	7,476	7,476
31 December 2025			
USD-dominated borrowings	50	(743)	(743)
USD-dominated borrowings	(50)	743	743
RMB-dominated borrowings	50	(8,138)	(8,138)
RMB-dominated borrowings	(50)	8,138	8,138

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from USD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign exchange	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2023			
If RMB weakens against USD	(5)	(3,138)	(3,138)
If RMB strengthens against USD	5	3,138	3,138
31 December 2024			
If RMB weakens against USD	(5)	4,026	4,026
If RMB strengthens against USD	5	(4,026)	(4,026)
31 December 2025			
If RMB weakens against USD	(5)	4,244	4,244
If RMB strengthens against USD	5	(4,244)	(4,244)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	308,064	308,064
Bills receivables*	—	—	—	25,897	25,897
Financial assets included in prepayments, other receivables and other assets	3,444	—	—	—	3,444
Amounts due from related parties	21,246	—	—	—	21,246
Pledged deposits	27,005	—	—	—	27,005
Cash and cash equivalents	971,041	—	—	—	971,041
Total	1,022,736	—	—	333,961	1,356,697

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	364,431	364,431
Bills receivables*	—	—	—	11,728	11,728
Financial assets included in prepayments, other receivables and other assets	3,586	—	—	—	3,586
Amounts due from related parties	347	—	—	—	347
Pledged deposits	11,251	—	—	—	11,251
Cash and cash equivalents	754,102	—	—	—	754,102
Total	769,286	—	—	376,159	1,145,445

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	368,437	368,437
Bills receivables*	—	—	—	13,578	13,578
Financial assets included in prepayments, other receivables and other assets	13,789	—	—	—	13,789
Amounts due from related parties	5,014	—	—	—	5,014
Pledged deposits	6,001	—	—	—	6,001
Cash and cash equivalents	955,063	—	—	—	955,063
Total	979,867	—	—	382,015	1,361,882

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain sufficient cash and cash equivalents and have available funding through operations and financial support from bank borrowings.

The maturity profile of the Group's non-derivative financial liabilities and derivative financial liabilities at the end of each of the Relevant Periods, based on the contractual undiscounted payments and the fair value, respectively, are as follows:

	31 December 2023			
	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	142,161	—	—	142,161
Interest-bearing bank borrowings	614,876	1,197,149	51,090	1,863,115
Financial liabilities included in other payables and accruals	113,388	—	—	113,388
Lease liabilities	17,180	15,734	4,970	37,884
Convertible bonds	2,790	557,942	—	560,732
Derivative financial liabilities	2,234	—	—	2,234
Total	892,629	1,770,825	56,060	2,719,514

	31 December 2024			
	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	189,625	—	—	189,625
Interest-bearing bank borrowings	848,984	1,160,609	—	2,009,593
Financial liabilities included in other payables and accruals	106,635	—	—	106,635
Lease liabilities	13,797	6,711	3,905	24,413
Other long-term payables	—	14,389	—	14,389
Convertible bonds	4,649	553,288	—	557,937
Derivative financial liabilities	3,735	—	—	3,735
Total	1,167,425	1,734,997	3,905	2,906,327

	31 December 2025			
	Less than 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	125,696	—	—	125,696
Interest-bearing bank borrowings	908,245	730,197	—	1,638,442
Financial liabilities included in other payables and accruals	165,256	—	—	165,256
Lease liabilities	9,572	8,350	2,840	20,762
Other long-term payables	—	118,809	—	118,809
Convertible bonds	6,816	520,250	—	527,066
Bonds payable	6,380	212,760	—	219,140
Derivative financial liabilities	7,070	—	—	7,070
Total	1,229,035	1,590,366	2,840	2,822,241

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

	31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	2,617,765	2,726,970	2,978,665
Total assets	5,024,003	5,153,000	5,824,841
Gearing ratio	52.1%	52.9%	51.1%

43. EVENTS AFTER 31 DECEMBER 2025

The Group had no significant events subsequent to 31 December 2025.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 14 April 2026.

APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 March 2026 of the selected property interest held by BrightGene Bio-Medical Technology Co., Ltd.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

[Date]

The Board of Directors
BrightGene Bio-Medical Technology Co., Ltd.
Building C25–28
218 Xinghu Road
Suzhou Industrial Park
Suzhou City
Jiangsu Province
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the selected property interest held by BrightGene Bio-Medical Technology Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 March 2026 (the "**valuation date**").

The selected property interest forms part of property activities that has a carrying amount of 1% or more of the Group's total assets and therefore the valuation report of this property interest is required to be included in this document.

The property interests not valued that form part of property activities have carrying amount below 1% of the Group's total assets and total carrying amount of property interests not valued that form part of property activities is less than 10% of the Group's total assets as at the valuation date. No single property interest that forms part of non-property activities had a carrying amount of 15% or more of total assets of the Group.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of Real Estate Title Certificates relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisors — Jingtian & Gongcheng, concerning the validity of the property interest in the PRC.

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.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 13 August 2025 by Mr. Jimmy Gu. He has more than 13 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (3rd Edition)".

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realizable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS R.P.S. (GP)
Senior Director

Notes: Eddie T. W. Yiu is a Chartered Surveyor who has 32 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2026 RMB
Portions of Breathgreen Industrial Complex No. 18 Huashan Road E'shan Town Yicheng District Zaozhuang City Shandong Province The PRC	Breathgreen Industrial Complex is located at the southeastern side of the junction of Huashan Road and Shanghai Road, Yicheng District, Zaozhuang City. It is about 70 minutes' driving distance to Zaozhuang Railway Station and about 90 minutes' driving distance to Linyi Qiyang International Airport under normal traffic condition. The locality of the property is a newly-developed industrial area with various industrial complexes. Breathgreen Industrial Complex occupies a parcel of land with a site area of approximately 26,844 sq.m., which has been developed into an industrial complex between 2021 and 2025. As advised by the Company, the property comprises portions of Breathgreen Industrial Complex including 9 industrial buildings (four factories, one warehouse, one substation, one boiler room, one pump room and one wastewater pool), which have a total gross floor area of approximately 15,063.23 sq.m.. The details are set out as follows:	As at the valuation date, the property was rented to a connected party for R&D, production and office purposes.	71,990,000

Usage	No. of Storey	Gross Floor Area (sq.m.)
Factory	1–4	13,654.74
Warehouse	1	711.36
Industrial *(substation, boiler room, pump room, wastewater pool)*	1–2	697.13
Total:		**15,063.23**

The land use rights of the property have been granted for a term expiring on 14 January 2071 for industrial use.

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — Zao Zhuang 01–2020 (Yi Cheng) No. 39 dated 22 December 2020, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 26,844 sq.m. were contracted to be granted to Boyuan Pharmaceutical (Shandong) Co., Ltd. (博原製藥(山東)有限公司, "**Boyuan Shandong**", a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use commencing from the land delivery date. The total land premium was RMB12,130,000.

2. Pursuant to 9 Real Estate Title Certificates — Lu (2021) Zao Zhuang Shi Bu Dong Chan Quan Di No. 2011975, Lu (2024) Zao Zhuang Shi Bu Dong Chan Quan Di Nos. 2008086, 2008087 and 2008089 to 2008093 and Lu (2025) Zao Zhuang Shi Bu Dong Chan Quan Di No. 2004709, the property with a total gross floor area of approximately 15,063.23 sq.m. is owned by Boyuan Shandong. The relevant land use rights of the property have been granted to Boyuan Shandong for a term of 50 years expiring on 14 January 2071 for industrial use.

3. Pursuant to an Asset Lease Agreement and its Supplementary Contract, the property and a series of assets including machines, equipment, facilities, furniture, plant area road, power supply system, water supply and drainage system, ancillary facilities erected on the site of the property and staff dormitories were leased to Breathgreen (Shandong) Pharmaceutical Co., Ltd. (博澤格霖(山東)藥業有限公司, a connected party of the Company) for a term expiring on 31 May 2028. The total annual rent as at the valuation date was approximately RMB20,000,000, including the rent of the property and the above-mentioned other assets, exclusive of management fees, water and electricity charges and other outgoings.

4. Our valuation has been made on the following basis and analysis:

   a. We have considered the actual rents in the existing tenancy agreements (if any) and also compared with similar developments which are located in the similar areas as the property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable factory and warehouse units ranges from RMB30 to RMB32 per sq.m. per month; and

   c. Based on our research on industrial markets in the surrounding area of the property, the stabilized market yield ranges from 6.5% to 7.5%.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC Legal Advisors, which contains, *inter alia*, the following:

   a. Boyuan Shandong has legally obtained the title certificates for the land use rights of the property. Boyuan Shandong has the right to occupy, use, benefit from and dispose of the land use rights of the property in accordance with the law. The land use rights of the property are true, lawful and valid and are free from any material title disputes or conflicts; and

   b. Boyuan Shandong has legally obtained the title certificates for buildings of the property. Boyuan Shandong has the right to occupy, use, benefit from and dispose of the buildings of the property in accordance with the law. The building ownership rights of the property are true, lawful and valid and are free from any material title disputes or conflicts.

TAXATION OF SECURITY HOLDERS

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 the H shares are resident 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 or 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 or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisors regarding the PRC and other tax consequences of owning and disposing of the H shares.

Taxation in Chinese Mainland

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》), or the Individual Income Tax Law, amended by the SCNPC on 31 August 2018 and effective on 1 January 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得税法實施條例》) amended by the State Council on 18 December 2018 and effective on 1 January 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation and the CSRC on 7 September 2015 and effective on 8 September 2015, where an individual holds the shares of a listed company obtained from the public offering for more than one year and transfers the stock of the listed company on the stock market, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual acquires shares of a listed company from the public offering and transfers the stock of the listed company on the stock market, if the holding period is within one month (inclusive), the dividend and bonus income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend and bonus income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

Pursuant to the Arrangement between the Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), or the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, executed on 21 August 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 the equity interests 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 Chinese Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《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》), or the Fifth Protocol, issued by the State Administration of Taxation and effective on 6 December 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

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), or the EIT Law, amended by the SCNPC and effective on 29 December 2018, and the Implementation Rules 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》), or the Implementation Rules of the EIT Law, amended by the State Council and effective on 20 January 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance of double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the State Administration of Taxation and effective on 6 November 2008, a PRC resident enterprise is required to withhold enterprise income tax at a rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation and effective 24 July 2009 further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks (including A shares, B shares and overseas shares) must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According 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 dividends payable by the PRC company. 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 dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

Tax Related to Equity Transfer Income

Individual Investors

Under the Individual Income Tax Law and its implementation rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Pursuant to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》), which was promulgated by the MOF and the State Administration of Taxation and became effective on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The State Administration of Taxation does not specify whether to continue to exempt individuals from personal income tax on the income from the transfer of shares in listed company in the newly revised EIT Law and Implementation Rules of the EIT Law.

Enterprise Investors

Under the EIT Law and its implementation rules, a non-PRC resident enterprise is subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. The aforementioned income tax payable by non- PRC resident enterprises is subject to source withholding, and the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted under applicable tax treaties or arrangements.

Shanghai-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 31 October 2014 and effective on 17 November 2014, transfer spread income derived by Mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of Mainland individual investors to the H-share companies and withhold individual income tax at the rate of 20% on behalf of the H-share companies.

Pursuant to the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》) which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by Mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect shall be exempted from individual income tax to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by Mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by Mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for Mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Shenzhen-Hong Kong Stock Connect Taxation Policy

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 5 November 2016 and effective on 5 December 2016, transfer spread income derived by Mainland enterprises from stock investment listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax according to law. For dividends and bonuses received by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDCC for providing the register of Mainland individual investors to the H-share companies and the H-share companies shall withhold individual income tax at the rate of 20% on behalf of the investors.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC on 4 December 2019 and effective on 5 December 2019 and the Announcement on Extending the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen- Hong Kong Stock Connect and the Mainland-Hong Kong Mutual Recognition of Funds which promulgated on 21 August 2023 and implemented on the same date, the transfer spread income derived by Mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be exempted from individual income tax from 5 December 2019 to 31 December 2027.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》), dividends derived by Mainland enterprises from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect are included in their total income and subject to Enterprise Income Tax according to law. Pursuant to which, dividend income obtained by Mainland resident enterprises from holding H shares for 12 consecutive months shall be exempted from enterprise income tax according to law. H-share companies shall not withhold income tax on dividends and bonus income for Mainland enterprises investors. The tax payable shall be declared and paid by the enterprise itself.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花稅法》), which was promulgated on 10 June 2021 and came into effect on 1 July 2022, the disposal of H Shares by non-Chinese Mainland investors outside of the Chinese Mainland is not subject to the requirements of the Stamp Duty Law of the People's Republic of China.

Estate duty

According to PRC law, no estate duty is currently levied in the Chinese Mainland.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法), enterprises and other income-generating organizations (hereinafter collectively referred to as "**enterprises**") within the territory of the People's Republic of China 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%. The high-tech enterprises that need full support from the PRC's government will enjoy a reduced tax rate of 15% for enterprise income tax.

Enterprises are classified into resident enterprises and non-resident enterprises. A non-resident enterprise that does not have an establishment or place of business in the PRC, or has an establishment or place of business in the PRC but the income has no actual connection to such establishment or place of business, shall pay enterprise income tax on its income within the PRC and withhold at source, where the payer is the withholding agent. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Meanwhile, any gains realized on the transfer of shares by such investors are subject to enterprise income tax and shall be withheld at source if such gains are regarded as income derived from the transfer of property within the PRC.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例) amended by the State Council and became effective on 19 November 2017 and the Detailed Rules for the Implementation of the Provisional 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) amended by the MOF on 28 October 2011 and effective on 1 November 2011, all entities and individuals in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods are required to pay value-added tax. For taxpayers selling or importing goods, the general tax rate shall be 17% unless otherwise specified in the aforesaid regulations.

According to the Notice on the Adjustment to VAT Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32), promulgated by the MOF and the State Administration of Taxation on 4 April 2018, and became effective as of 1 May 2018, the VAT rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The SAFE, authorized by the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on 5 August 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on 20 June 1996 and became effective on 1 July 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in

accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (國務院關於取消和調整一批行政審批項目等事項的決定) promulgated by the State Council and effective on 23 October 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Circular of the SAFE on Relevant 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) promulgated by the SAFE and became effective on 26 December 2014, the relevant provisions on foreign exchange administration of domestic joint stock companies (hereinafter referred to as "**domestic companies**") listed overseas are as follows:

(i) The SAFE and its branches and the Foreign Exchange Management Department, or the Foreign Exchange Bureau, supervise, manage and inspect the business registration, account opening and use, cross-border income and expenditure, and capital exchange involved in the overseas listing of domestic companies.

(ii) A domestic company shall, within 15 working days after the completion of the overseas listing and issuance, register the overseas listing with the Foreign Exchange Bureau at the place where it is registered with relevant material.

(iii) After the overseas listing of a domestic company, its domestic shareholders who intend to increase or reduce their shareholding in an overseas listed company according to relevant regulations shall register the overseas shareholding with the local foreign exchange bureau at the place where the domestic shareholders are located within 20 working days prior to the proposed increase or reduction of shareholding with relevant materials.

(iv) A domestic company (other than banking financial institutions) shall, by virtue of its registration certificate for overseas listing business, open a "special foreign exchange account for overseas listing of domestic companies" with a domestic bank for its initial offering (or additional offering) and repurchase business to handle the remittance and transfer of funds for the relevant business.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on 13 February 2015 and came into effect on 1 June 2015, the SAFE has canceled the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment, instead, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment, and the SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionize and Regulate 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》) issued and implemented by the SAFE on 9 June 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment by the SAFE in due time in accordance with international revenue and expenditure situations.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange". This Appendix also contains a summary of laws and regulatory provisions of the PRC Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all the information which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution (《中華人民共和國憲法》) amended and came into effect on March 11, 2018 (the "**Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) which was last amended on March 13, 2023 and came into effect on March 15, 2023 (the "**Legislation Law**"), the NPC and 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 formulates and amends the 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 Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities and their 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 Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations 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. The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions, a decision should be made to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council. Provisions of departmental rules should be the matters related to the enforcement of the laws or the administrative regulations, decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

The NPC has the power to amend or repeal any inappropriate laws enacted by the SCNPC, and to repeal any autonomous regulations and separate rules approved by the SCNPC that are in conflict with the Constitution and the Legislation Law. The SCNPC has the power to repeal any administrative regulations that are in conflict with the Constitution and the laws, and to repeal any local regulations that are in conflict with the Constitution, the laws, and the administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the central government as being in conflict with the Constitution and the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government have the right to amend or repeal any inappropriate local laws or regulations promulgated or approved by their respective standing committees. The standing committees of local people's congresses have the right to repeal any inappropriate rules promulgated by the people's governments at the same level, and the people's governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules promulgated by the people's governments at lower levels.

Pursuant to the Resolution of the SCNPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加强法律解釋工作的決議》) passed on June 10, 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the SCNPC shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to the application of laws other than in a court trial or in a prosecution process of the procuratorate should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Law of Organization of the People's Court of the PRC (《中華人民共和國人民法院組織法》) amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the state. The Supreme People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

The people's courts employ a two-tier appellate system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's courts. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds any definite errors in a legally effective final judgment or ruling of a people's court at any lower level, the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**") latest amended on September 1, 2023 and took effect on January 1, 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. A civil case is generally under the jurisdiction of the court located in the defendant's place of domicile. The litigants of a contract dispute or other property rights dispute may agree in writing on selection of the People's Court at the location of the Defendant's domicile, place of performance of contract, place of execution of contract, address of the Plaintiff, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the People's Court which has jurisdiction, but shall not violate the provisions of the Civil Procedure Law on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the People's court of PRC may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or public interests of the PRC.

All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. The laws governing the suspension or interruption of the statute of limitations shall apply to the suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party requests for enforcement of an effective judgment or ruling made by a people's court, but the opposite party or his property is not within the territory of the People's Republic of China, the party may directly apply to the foreign court with jurisdiction for recognition and enforcement of the judgment or ruling, or the people's court may, in accordance with the provisions of international treaties to which the PRC is a signatory or in which the PRC is a participant or according to the principle of reciprocity, request for recognition and enforcement by the foreign court. Similarly, for an effective judgment or ruling made by a foreign court that requires recognition and enforcement by a people's court of the PRC, a party may directly apply to an intermediate people's court of the PRC with jurisdiction for recognition and enforcement of the judgment or ruling, or the foreign court may, in accordance with the provisions of international treaties to which its country and the PRC are signatories or in which its country is a participant or according to the principle of reciprocity, request for recognition and enforcement by the people's court, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security or would not be in social and public interest.

THE COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited company established in the PRC seeking a listing on The HKSE is mainly subject to the following laws and regulations of the PRC.

The Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**") was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and came into effect on July 1, 1994. It was successively amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018 and December 29, 2023. The latest revision of the Company Law has taken effect on July 1, 2024.

The Trial Measures and relevant guidelines promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable both direct and indirect overseas share subscription and listing of domestic enterprises. The Trial Measures also set out the filing and administration methods and regulatory requirements for the overseas issuance of securities and listing of domestic enterprises.

On March 28, 2025, the CSRC newly promulgated Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**"), which came into effect on the same date. Pursuant to the Trial Measures and its supporting Guidelines for the Application of Regulatory Rules — Overseas Issuance and Listing Category No. 1, domestic enterprises that directly issue and list overseas shall formulate articles of association and standardize corporate governance with reference to the Articles of Association Guidelines and other relevant provisions of the CSRC on corporate governance.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated in China under the Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they have subscribed for and the liability of a company is limited to the full value of all the property owned by it.

A company must conduct its business in accordance with laws and regulations as well as public and commercial ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint liabilities associated with the debts of the invested enterprises.

Incorporation

A joint stock limited company may be established by means of promotion or stock floatation. To establish a joint stock limited company, there shall be not less than 1 but not more than 200 promoters, more than half of whom shall have their domiciles within the territory of the PRC.

Where a joint stock limited company is to be established by means of promotion, promoters shall fully subscribe for the shares that shall be issued at the time of the establishment of the company as provided for in the articles of association. If a joint stock limited company is to be established by means of stock floatation, the promoters shall subscribed for not less than 35% of the total shares that shall be issued at the time of the establishment of the company as provided for in the articles of association; however, where laws and administrative regulations provide otherwise, such provisions shall prevail.

Promoters of a joint stock limited company established by means of stock floatation shall, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting may not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a joint stock limited company is established by means of promotion, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the company or the agreement of the promoters.

The establishment meeting of a company shall exercise the following functions and powers:

(i) deliberating on the report on the preparations for establishment of the company by promoters;

(ii) adopting the articles of association;

(iii) electing directors and supervisors;

(iv) reviewing the expenses for the establishment of the company;

(v) reviewing the valuations of the non-monetary property contributed by the promoters; and

(vi) where any force majeure or any major change of business conditions directly affects the establishment of the company, the resolution of not establishing the company may be made.

The resolutions made at the establishment meeting about the matters as mentioned in the preceding provision shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares and Issue of Shares

Under the Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation.

The capital of a joint stock limited shall be divided into shares. All the shares of the company shall alternatively be shares with or without par value in accordance with the articles of association. Where par value shares are adopted, all the shares shall be of equal value. The company may, according to the articles of association, convert all the issued par value shares into no par value shares, or vice versa. Where no par value shares are adopted, more than half of the proceeds from the issuance of the shares shall be included in the registered capital.

A joint stock limited company shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

(i) name and domicile of each shareholder;

(ii) class and number of shares subscribed for by each shareholder;

(iii) serial number of shares if the shares are issued in paper form; and

(iv) date on which each shareholder acquired the shares.

Shares of a joint stock limited company shall be issued under the principle of fairness and impartiality. The shares of the same class shall rank *pari passu*. Shares of the same class in the same issue shall be issued at the same price and on same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value stock may be based on the face value or exceed the face value but shall not be lower than the face value.

The Trial Measures provides that a company that offers and lists securities on overseas markets may raise funds and pay dividends in a foreign currency or Renminbi. Under certain circumstances, such as equity incentives and the acquisition of assets through the issuance of securities, a domestic enterprise is allowed to issue securities to specific domestic targets when it directly issues and lists overseas.

Under the Trial Measures, for a domestic company directly offering and listing overseas, 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. The term "domestic unlisted shares" in the preceding provision refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency. The registration and settlement of overseas listed shares is subject to applicable rules in overseas markets.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise is indirectly listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Pursuant to the relevant provisions of the Company Law, where a joint stock limited company intends to issue new stocks, its shareholders' general meeting shall make a resolution about the following matters:

(i) the class and amount of the new stocks;

(ii) the issuing price of the new stocks;

(iii) the beginning and ending dates for the issuance of the new stocks;

(iv) the class and amount of the new stocks to be issued to the original shareholders; and

(v) if any no par value stock is issued, the proceeds from the issuance of the new stocks shall be included into the registered capital.

Where a company intends to make public offering of shares, it shall go through the registration with the securities regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) the company shall prepare a balance sheet and an inventory of property;

(ii) the reduction of registered capital must be approved by shareholders at the shareholders' general meeting;

(iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders' general meeting to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within thirty days;

(iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within thirty days from the date of receipt of the notice, or within forty-five days from the date of the announcement if the notice has not been received; and

(v) the company shall apply to the company registration authority for change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the articles of association of a joint stock limited company.

Share Buy-Back

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

(i) where the company's registered capital is reduced;

(ii) where it merges with another company holding its shares;

(iii) where its shares are used for employee stock ownership plan or equity incentives;

(iv) where any shareholder, who raises objections to the resolution of the shareholders' general meeting on the merger or split-up of the company, requests the company to purchase its shares;

(v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or

(vi) it is necessary for a listed company to maintain its company value and its shareholders' equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' general meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' general meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days as of the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in item (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in item (iii), (v) or (vi).

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferee in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' general meeting is held, or within 5 days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the securities regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors and senior executives of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares they hold of the company. The shares of the company held by them shall not be transferred within 1 year as of the day when the stocks of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of company shares held by directors, supervisors or senior executives may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association the rights of a shareholder include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to attend or appoint a proxy to attend shareholders' general meetings and to exercise voting rights;

(iii) to supervise and manage a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer shares in accordance with laws, administrative regulations and the provisions of the articles of association;

(v) to inspect the company's articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, resolutions of meetings of the board of directors, resolutions of meetings of the board of supervisors and financial and accounting reports and to make proposals or enquiries on the company's operations;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) other rights conferred by laws, administrative regulations and the articles of association.

The obligations of a shareholder include:

(i) to comply with the articles of association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(iv) other obligations conferred by laws, administrative regulations and the articles of association.

Shareholders' General Meetings

Under the Company Law, the shareholders' general meeting of a joint stock limited company is made up of all shareholders. The shareholders' general meeting is the authority of a company, which shall exercise the following functions and powers:

(i) electing and replacing directors and supervisors and deciding on their remunerations;

(ii) deliberating on and approving the reports of the board of directors;

(iii) deliberating on and approving the reports of the board of supervisors;

(iv) deliberating on and approving the plans for profit distribution and making up losses of the company;

(v) making resolutions on the increase or decrease of the registered capital of the company;

(vi) making resolutions on the issuance of corporate bonds;

(vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;

(viii) amending the articles of association; and

(ix) other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual shareholders' general meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' general meeting shall be held within two months:

(i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;

(ii) where the unrecovered losses of the company reach one third of the total capital stock;

(iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;

(iv) where the board of directors deems it necessary;

(v) where the board of supervisors so proposes; or

(vi) other circumstances as provided for in the articles of association.

The shareholders' general meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' general meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' general meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' general meeting and reply to the shareholders in writing.

The time and place of the meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' general meeting is held. For an interim shareholders' general meeting, a notice shall be served 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' general meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' general meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' general meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' general meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' general meeting.

Under the Company Law, shareholder who attends the shareholders' general meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

Under the Company Law and the Guidelines for Articles of Association, a resolution made at the shareholders' general meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the shareholders' general meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

The shareholders' general meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' general meeting. Under the cumulative voting system, when the shareholders' general meeting elects the directors or supervisors, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

The Board of Directors

Under the Company Law, a joint stock limited company shall have a board of directors, which consists of more than three members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be re-elected to serve another term.

The board of directors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen shall be elected by more than half of all the directors. The chairman shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairman shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, the deputy chairman shall perform such duties. If the deputy chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

Under any of the following circumstances, anyone may not act as a director of a company:

(i) having no capacity for civil conduct or having limited capacity for civil conduct;

(ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period; If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;

(iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;

(iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or

(v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

(i) convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;

(ii) executing the resolutions of the shareholders' general meeting;

(iii) deciding the business plans and investment scheme of the company;

(iv) formulating the plans for profit distribution and making up for loss of the company;

(v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;

(vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company;

(vii) deciding the establishment of the internal management body of the company;

(viii) deciding the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;

(ix) formulating the basic management rules of the company; and

(x) other functions and powers specified in the articles of association or granted by the shareholders' general meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, article of association or resolution of the shareholders' general meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

The Board of Supervisors

Under the Company Law, a joint stock limited company may have a board of supervisors which shall comprise 3 members or more. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through the employees' representative congress, employees' congress or by other means. No director or senior executive may concurrently hold the post of supervisor.

The board of supervisors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen of the board of supervisors shall be elected by more than half of all the supervisors. The chairman of the board of supervisors shall convene and preside over the meetings of the board of supervisors. If the chairman of the board of supervisors is unable or fails to perform his/her duties, the deputy chairman of the board of supervisors shall convene and preside over the meeting. If the deputy chairman is unable or fails to perform his/her duties, a supervisor jointly elected by more than half of the supervisors shall convene and preside over such meeting.

The board of supervisors shall exercise the following functions and powers:

(i) examining the financial affairs of the company;

(ii) supervising the acts of the directors and senior executives in the performance of their duties, and proposing the removal of the directors and senior executives who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' general meeting;

(iii) requiring the directors and senior executives to correct their acts if such acts damage the interests of the company;

(iv) proposing to convene interim shareholders' general meetings, and convening and presiding over the shareholders' general meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' general meeting as prescribed in the Company Law;

(v) presenting proposals to the shareholders' general meetings;

(vi) initiating lawsuits against the directors and senior executives according to Article 189 of the Company Law; and

(vii) other functions and powers provided for in the articles of association.

A joint-stock company may, instead of setting up board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors on its board of directors to exercise the powers and functions of the board of supervisors.

On December 27, 2024, the CSRC promulgated the Transitional arrangements relating to the implementation of the rules under the new Company Law (關於新《公司法》配套制度規則實施相關過渡期安排), Listed companies shall, before January 1, 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on Implementation of the Registered Capital Management System under the Company Law of the PRC and the supporting rules of the CSRC, provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the supervisory board as stipulated in the Company Law, the listed companies will then have no supervisory board or supervisors. Before a listed company adjusts the establishment of the company's internal supervisory body, the supervisory board or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

Managers and Senior Management

Under the Company Law, a joint stock limited company may have a manager, who shall be appointed or removed as decided by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management refers to the company manager, deputy company manager, head of finance, secretary to the board of directors of a listed company, and any other persons as specified in the company's articles of association.

Duties of Directors, Supervisors and Senior Management

Directors, supervisors and senior management of the company are required under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior executives shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and may not seek any improper interests by taking advantage of their powers.

The directors, supervisors and senior executives shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management are prohibited from:

(i) embezzling the property or misappropriating the funds of the company;

(ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(iv) taking commissions from the transactions between the company and any other person into his/her own pocket;

(v) unlawfully disclosing the confidential information of the company; or

(vi) other acts in violation of the obligation of loyalty to the company.

Where any director, supervisor or senior executive directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' general meeting, which shall be subject to the resolution of the board of directors or shareholders' general meeting according to the articles of association.

Where any of the near relatives of the directors, supervisors or senior executives, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior executives or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, supervisors or senior executives, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior executive may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' general meeting and has been approved by a resolution of the board of directors or the shareholders' general meeting according to the articles of association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior executive fails to report to the board of directors or the shareholders' general meeting and obtain an approval by resolution of the board of directors or the shareholders' general meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior executive violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a joint stock limited company shall be made available for inspection by the shareholders at the company not later than twenty days before the annual meeting of shareholders; a joint stock limited company that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be decided by the shareholders' general meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' general meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for Articles of Association provide that the Company's engagement of an accounting firm shall be decided by the shareholders' general meeting. The board of directors shall not engage any accounting firm before the decision is made by the shareholders' general meeting. The audit fee to the accounting firm shall be decided by the shareholders' general meeting.

Profit Distribution

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' general meeting. The residual after-tax profits after a company has made up its losses and accrued reserve shall be distributed by the company (in the case of a joint stock limited company) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by this company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior executives shall be held liable for compensation if any loss is caused to the company.

If the shareholders' general meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;

(ii) dissolution by a resolution of the shareholders' general meeting;

(iii) dissolution due to merger or demerger of the company;

(iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or

(v) being dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

If any of the situations as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's Articles of Association or it is otherwise elected by the shareholders' general meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions during the period of liquidation:

(i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;

(ii) notifying the company's creditors by mail or public announcement;

(iii) handling and liquidating the unfinished business of the company;

(iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;

(v) liquidation of claims and debts;

(vi) distributing the remaining property after all the debts of the company are paid off; and

(vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days as of its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days as of the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice. When filing a proof of claim, the creditor shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off for any of the creditors.

The liquidation group shall, after liquidating the property of the company and preparing a balance sheet and an inventory of property, make a plan of liquidation and report the same to the shareholders' general meeting or the people's court for confirmation.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may, in the case of a limited liability company, be distributed in proportion to capital contributions of the shareholders, and in the case of a joint stock limited company, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company are not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company shall be liable for compensation, and any member of the liquidation group who cause any loss to any creditor due to his/her intentional or gross negligence shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' general meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, initial public offerings or listings in overseas markets shall be filed with the CSRC within 3 working 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 3 working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has offered and listed shall be filed pursuant to provisions in the first sentence of this paragraph.

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The PRC Securities Law (2019 revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within 3 working days after the occurrence and public disclosure of the event.

SECURITIES LAW AND REGULATIONS

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 Chinese companies in the Chinese Mainland or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On March 29, 1998, the State Council consolidated the above two departments and reformed the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on April 22, 1993 provide the application and approval procedures for the public issue of shares, trading of shares, takeover of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information by listed companies, investigation and penalties, and arbitration of disputes.

The Regulations of the State Council Concerning the 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》), which were promulgated by the State Council and came into effect on December 25, 1995, mainly provide for the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "**PRC Securities Law**"), which was latest amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue 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 in the PRC, and comprehensively regulates activities in the PRC securities market. The PRC Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

Under the Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**Arbitration Law**"), amended by the SCNPC on September 1 2017 and effective on January 1 2018, the Arbitration Law is applicable to economic disputes involving foreign parties, and all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the PRC Civil Procedure Law.

Where the disputing parties have reached an arbitration agreement and one party applies to the People's Court to have the case heard, the People's Court shall not deal with this, except if the arbitration agreement is invalid.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party to the award may apply to the people's court for enforcement according to the PRC Civil Procedure Law. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there is any procedural irregularity (including irregularity in the composition of the arbitration committee or the making of an award on matters beyond the scope of the arbitration agreement or the jurisdiction of the arbitration commission). Where a party applies for enforcement of an arbitral award made in the PRC pursuant to the law which has come into legal effect, and the person subject to enforcement or its properties are not located in the PRC, the party may apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020 and effective on November 27, 2020, awards made by PRC arbitral authorities can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in the PRC.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

Under the Supreme People's Court's Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and effective on August 1, 2008 and was abolished on January 29, 2024, as for an enforceable final judgment made by a court in Chinese Mainland or Hong Kong court concerning a civil and commercial case under a written agreement on jurisdiction, in which payment must be made, the party concerned may, under the Arrangement, apply to a court in Chinese Mainland or a Hong Kong court for recognition and enforcement. The term "written agreement on jurisdiction" refers to agreements clearly stipulated in written form by parties concerned that a court in Chinese Mainland or Hong Kong court has sole jurisdiction as to the effectiveness of the Arrangement, so as to settle disputes relevant to a certain legal relationship that has either arisen or might arise. Therefore, the party concerned may apply to the court in Chinese Mainland or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Chinese Mainland or Hong Kong that meet certain conditions of the aforementioned regulations.

On January 25, 2024, the Supreme People's Court promulgated the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《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 takes into effect on January 29, 2024 and seeks to establish a mechanism with further clarification on and certainty for recognition and enforcement of judgements in a wider range of civil and commercial matters between Hong Kong Special Administrative Region and the China. The New Arrangement discontinued the requirements for a choice of court agreement for bilateral recognition and enforcement.

This Appendix is mainly providing potential [REDACTED] with an overview on the Articles of Association of the Company. The following information is only a summary, not covering all the information that may be material to potential investors.

INCREASE/DECREASE, REPURCHASE AND TRANSFER OF SHARES

Increase/Decrease of Shares

In light of the needs of the Company's operation and development, and in accordance with the provisions of laws and administrative regulations, the Company may, upon separate resolutions adopted by the Shareholders' Meeting, increase its capital by adopting the following methods:

(i) offering of shares to non-specific investors;

(ii) offering of shares to specific investors;

(iii) allotting bonus shares to existing shareholders;

(iv) converting the capital reserve into share capital;

(v) other methods as prescribed by laws and administrative regulations, and approved by the CSRC, the securities regulatory authority in the place where the Company's shares are listed.

According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital. When reducing the registered capital, the Company shall follow the procedures stipulated in the PRC Company Law, other relevant regulations, and the Company's Articles of Association.

Repurchase of Shares

The Company may acquire its own shares in accordance with the provisions of laws, administrative regulations, departmental rules and regulations, the securities regulatory rules of the place where the company's shares are listed (collectively or partly as the case may be, the "**Securities Regulatory Rules Applicable to the Company**") and the Company's Articles of Association under the following circumstances:

(i) reducing the Company's registered capital;

(ii) merging with other companies that hold shares of the Company;

(iii) using the shares for an employee shareholding plan or equity incentive;

(iv) where a shareholder, dissenting from the resolutions of the Company's merger or division passed by the Shareholders' Meeting, requests the Company to acquire his/her shares;

(v) using the shares to convert the convertible corporate bonds issued by the Company into stocks;

(vi) when it is necessary for the Company to safeguard the Company's value and the rights and interests of its shareholders;

(vii) other circumstances as approved by laws and administrative regulations, and approved by the CSRC, the securities regulatory authority in the place where the Company's shares are listed.

Except for the above-mentioned circumstances, the Company shall not acquire its own shares.

Where the Company acquires its own shares due to the circumstances specified in item (i) and item (ii) above, a resolution of the Shareholders' Meeting shall be obtained. Where the Company acquires its own shares due to the circumstances specified in item (iii), item (v) and item (vi) above, it may, in accordance with the provisions of the Company's Articles of Association or the authorization of the Shareholders' Meeting and on the premise of complying with the securities regulatory rules applicable to the place where the Company's shares are listed, pass a resolution at a meeting of the Board of Directors attended by more than two-thirds of the directors.

As for A shares, after the Company acquires its own shares in accordance with the above provisions, in the case of item (i), the acquired shares shall be cancelled within 10 days as of the date of acquisition; in the case of item (ii) and item (iv), the acquired shares shall be transferred or cancelled within 6 months; in the case of item (iii), item (v) and item (vi), the total number of the Company's own shares held by the Company shall not exceed 10% of the total number of issued shares of the Company, and shall be transferred or cancelled within 3 years.

As for H shares, where the Securities Regulatory Rules Applicable to the Company have otherwise prescribed relevant matters concerning the share repurchase, such provisions shall prevail.

Transfer of Shares

The shares issued before the Company's initial public offering of A shares shall not be transferred within one year as of the date when the Company's A shares are listed and traded on a securities exchange. Where the Securities Regulatory Rules Applicable to the Company have otherwise provided for the transfer of the shares held by the Company's shareholders, such provisions shall prevail.

Directors and senior management of the Company shall report to the Company the number of the Company's shares they hold and any changes thereto. During their term of office as determined at the time of them taking such office, the number of shares they transfer each year shall not exceed 25% of the total number of the Company's shares they hold; and the shares of the Company they hold shall not be transferred within one year as of the date when the Company's shares are listed and traded. Within six months after the above-mentioned personnel leave their positions, they shall not transfer the shares of the Company they hold. Where the Securities Regulatory Rules Applicable to the Company have otherwise provided for the restrictions on the transfer of the Company's shares, such provisions shall prevail.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The shareholders of the Company shall be entitled to the following rights:

(i) to receive dividends and other forms of profit distribution in accordance with the number of shares held;

(ii) to legally request, convene, chair, attend or authorize a proxy to attend a general meeting and legitimately exercise corresponding voting rights, save for individual shareholders are required to waive their voting rights on individual matters under the securities regulatory rules of the listing place or applicable laws and regulations;

(iii) to supervise the Company's operation and put forward suggestions or inquiries;

(iv) to transfer, donate or pledge the shares held in accordance with the provisions of the Securities Regulatory Rules Applicable to the Company and the Company's Articles of Association;

(v) to inspect and replicate the Articles of Association, the register of members, minutes of general meetings, resolutions of the Board meetings and financial accounting reports. Shareholders who meet the relevant requirements may inspect the Company's accounting books and accounting vouchers;

(vi) when the Company is terminated or liquidated, to participate in the distribution of the Company's remaining property in accordance with the number of shares held;

(vii) shareholders who dissent from the resolutions of the Company's merger or division passed by the Shareholders' Meeting may request the Company to acquire their shares;

(viii) other rights as provided for by Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

If the contents of the resolutions of the Company's Shareholders' Meeting or the Board of Directors violate laws or administrative regulations, shareholders shall have the right to request the people's court to determine such resolutions invalid. If the convening procedures or voting methods of the Shareholders' Meeting or the Board of Directors' meeting violate laws, administrative regulations or the Company's Articles of Association, or if the contents of the resolutions violate the Company's Articles of Association, shareholders shall have the right to request the people's court to revoke such resolutions within 60 days as of the date of adoption of the resolutions.

The Shareholders of the Company shall undertake the following obligations:

(i) to abide by laws, administrative regulations and the Company's Articles of Association;

(ii) to pay the share capital in accordance with the subscribed shares and the method of shareholding;

(iii) except in the circumstances provided for by laws and regulations, not to withdraw from the shares;

(iv) not to abuse the shareholder rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the Company's creditors;

(v) other obligations that shall be borne as provided for by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

Where a shareholder of the Company abuses the shareholder rights and causes losses to the Company or other shareholders, he/she shall bear the liability for compensation in accordance with the law. Where a shareholder of the Company abuses the independent legal person status of the Company and the limited liability of shareholders to evade debts, which seriously damages the interests of the Company's creditors, he/she shall bear joint and several liability for the Company's debts.

General Provisions for Shareholders' Meetings

The Shareholders' Meeting is the power organ of the Company and shall exercise the following authorities in accordance with the law:

(i) to elect and replace directors who are not employee representatives, and to decide on matters regarding their remuneration;

(ii) to consider and approve the report of the Board of Directors;

(iii) to consider and approve the Company's profit distribution plan and the plan for making up losses;

(iv) to pass resolutions on the increase or decrease of the Company's registered capital;

(v) to pass resolutions on the issuance of corporate bonds;

(vi) to pass resolutions on the merger, division, dissolution, liquidation of the Company or the change of the Company's form;

(vii) to amend the Company's Articles of Association;

(viii) to decide on the Company's appointment or removal of accounting firms which engage in auditing matters in relation to the Company;

(ix) to consider and approve the guarantee matters specified in the Company's Articles of Association;

(x) to consider matters concerning the Company's purchase and sale of major assets within one year, where the value of such assets exceeds 30% of the Company's latest audited total assets;

(xi) to consider and approve matters concerning the change of the use of raised funds;

(xii) to consider and approve the equity incentive plan and the employee shareholding plan;

(xiii) specifically for any annual general meeting, to authorize the Board to issue shares to specified objects with a total financing amount of not more than RMB0.3 billion and not more than 20% of the net assets at the end of the latest year, and such authorization shall become invalid on the date when next general meeting is convened;

(xiv) to consider the conditions and upper limits for mid-term dividends in the next year;

(xv) to consider and approve transaction(s) with affiliated (connected) party that requires approval by Shareholders' Meeting as stipulated by the Securities Regulatory Rules Applicable to the Company;

(xvi) to consider and approve other matters that should be decided by the Shareholders' Meeting as stipulated by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

The Shareholders' Meeting is divided into the annual Shareholders' Meeting and the extraordinary Shareholders' Meeting. The annual Shareholders' Meeting shall be held once each fiscal year and shall be convened within six months after the end of the previous fiscal year. In case any of the following circumstances occurs, the Company shall convene an extraordinary Shareholders' Meeting within two months as of the date when the relevant fact occurs:

(i) when the number of directors is less than the statutory minimum number specified in the PRC Company Law or two-thirds of that specified in the Company's Articles of Association;

(ii) when the Company's uncovered losses reach one-third of the total share capital;

(iii) when shareholders who individually or jointly hold more than 10% of the total number of the Company's shares make a request;

(iv) when the Board of Directors deems it necessary;

(v) when the audit committee proposes to convene the meeting;

(vi) in other circumstances as provided for by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

Convening of Shareholders' Meetings

With the approval of a majority of all independent non-executive directors, independent non-executive directors shall have the right to propose the Board of Directors to convene an extraordinary Shareholders' Meeting. Regarding the proposal of the independent non-executive directors to convene an extraordinary Shareholders' Meeting, the Board of Directors shall, in accordance with the provisions of the Securities Regulatory Rules Applicable to the Company and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. If the Board of Directors disagrees to convene the extraordinary Shareholders' Meeting, it shall state the reasons and make an announcement.

The audit committee shall have the right to propose in writing to the Board of Directors to convene an extraordinary Shareholders' Meeting. The Board of Directors shall, in accordance with the provisions of the Securities Regulatory Rules Applicable to the Company and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the proposal. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. Changes to the original proposal in the notice shall be subject to the consent of the audit committee. If the Board of Directors disagrees to convene the extraordinary Shareholders' Meeting, or fails to provide feedback within 10 days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty of convening the Shareholders' Meeting, and the audit committee may convene and preside over the Shareholders' Meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to request the Board of Directors to convene an extraordinary Shareholders' Meeting and shall submit the request to the Board of Directors in writing. The Board of Directors shall, in accordance with the provisions of the Securities Regulatory Rules Applicable to the Company are listed and the Company's Articles of Association, submit a written feedback indicating whether it agrees or disagrees to convene the extraordinary Shareholders' Meeting within 10 days upon receipt of the request. If the Board of Directors agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days after passing the resolution of the Board of Directors. Changes to the original request in the notice shall be subject to the consent of the relevant shareholders. If the Board of Directors disagrees to convene the extraordinary Shareholders' Meeting, or fails to provide feedback within 10 days upon receipt of the request, shareholders who individually or jointly hold more than 10% of the Company's shares shall have the right to propose to the audit committee to convene an extraordinary Shareholders' Meeting and shall submit the request to the audit committee in writing. If the audit committee agrees to convene the extraordinary Shareholders' Meeting, it shall issue a notice for convening the Shareholders' Meeting within 5 days upon receipt of the request. Changes to the original proposal in the notice shall be subject to the consent of the relevant shareholders. If the audit committee fails to issue a notice for the Shareholders' Meeting within the specified time limit, it shall be deemed that the audit committee will not convene and preside over the Shareholders' Meeting. Shareholders who individually or jointly hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the shareholders' meeting on their own.

Notice of Shareholders' Meeting

The annual Shareholders' Meeting shall notify each shareholder in writing (including through announcements) 21 days prior to the convening of the meeting, and the extraordinary Shareholders' Meeting shall notify each shareholder in writing (including through announcements) 15 days prior to the convening of the meeting.

The notice of the Shareholders' Meeting shall include the following contents:

(i) the time, place and duration of the meeting;

(ii) the matters and proposals to be considered at the meeting;

(iii) it shall be clearly stated that all common shareholders have the right to attend the Shareholders' Meeting, and may entrust an agent in writing to attend the meeting and participate in the voting. the shareholder's agent does not have to be a shareholder of the Company;

(iv) the record date for equity of shareholders entitled to attend the Shareholders' Meeting;

(v) the name and telephone number of the permanent contact person for the meeting affairs;

(vi) the voting time and voting procedures for online or other methods.

The notice and supplementary notice of the Shareholders' Meeting fully and completely disclose all the specific contents of all the proposals.

After the notice of the Shareholders' Meeting is issued, without justifiable reasons, the Shareholders' Meeting should not be postponed or cancelled, and the proposals listed in the notice of the Shareholders' Meeting should not be cancelled. In case of any postponement or cancellation, the convener shall make an announcement and state the reasons at least 2 working days before the originally scheduled convening date. If the shareholders' meeting is adjourned, the notice must also specify the adjourned date for the meeting. Where the securities regulatory rules of the place where the Company's shares are listed have special provisions on the procedures for postponing or cancelling the Shareholders' Meeting, such provisions shall prevail, provided that they do not violate the domestic regulatory requirements.

Proposals at Shareholders' Meetings

When the Company convenes a Shareholders' Meeting, the Board of Directors, the audit committee, and shareholders who individually or jointly hold more than 1% of the Company's shares have the right to submit proposals to the Company.

Shareholders who individually or jointly hold more than 1% of the Company's shares may put forward an extraordinary proposal 10 days before the convening of the Shareholders' Meeting and submit it in writing to the convener. The convener shall issue a supplementary notice of the Shareholders' Meeting within 2 days after receiving the proposal, announce the content of the extraordinary proposal and submit such proposal to the Shareholders' Meeting for deliberation, except in the case where such extraordinary proposal violates any Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association or does not fall within the power of the Shareholders' Meeting. If, in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the Shareholders' Meeting needs to be postponed due to the publication of the supplementary notice of the Shareholders' Meeting, the convening of the Shareholders' Meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except for the circumstances specified in the preceding paragraph, after issuing the notice announcement of the Shareholders' Meeting, the convener shall not modify the proposals already listed in the notice of the Shareholders' Meeting or add new proposals.

Proxy for the Shareholders' Meeting

Shareholders may attend the Shareholders' Meeting in person, or entrust an agent to attend and vote on their behalf. The agent need not be a shareholder of the Company.

If a natural person shareholder attends the meeting in person, he/she shall present his/her identity card or other valid certificates or documents indicating his/her identity; if entrusting an agent to attend the meeting, he/she shall present his/her valid identity document, the power of attorney from the shareholder.

A corporate shareholder's legal representative or a partnership's managing partner (or their appointed representative) attending the meeting in person shall present his/her valid identification, a certificate of legal representative/managing partner (or appointed representative), and a copy of the business license of the shareholder affixed with the official seal. When an agent is appointed to attend on behalf of the legal representative/managing partner, the agent shall present his/her valid identification, a copy of the business license of the shareholder affixed with the official seal, the legal representative/managing partner (or appointed representative) certification document, and a power of attorney. This requirement does not apply to recognized clearing houses (or their agents) as defined under the Securities Regulatory Rules Applicable to the Company.

Voting at the Shareholders' Meeting

The resolutions of the Shareholders' Meeting divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' Meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the Shareholders' Meeting. A special resolution at a Shareholders' Meeting shall be passed by at least two-thirds of the voting rights held by the shareholders (including proxies) present at the Shareholders' Meeting (including proxies).

Shareholders (including proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

If a shareholder purchases voting shares of the Company in violation of the provisions of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law, the shares in excess of the specified proportion shall not be entitled to exercise the voting rights within 36 months as of the date of purchase, and shall not be counted into the total number of voting shares of the shareholders attending the Shareholders' Meeting. According to the applicable laws, regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a certain resolution matter, or any shareholder is restricted to only vote in favor of (or against) a certain resolution matter, the number of votes cast by such shareholder or its representative in violation of the relevant provisions or restrictions shall not be counted into the voting results.

The following matters shall be adopted by the Shareholders' Meeting through an ordinary resolution:

(i) the work reports of the Board of Directors;

(ii) the profit distribution plan and the loss recovery plan prepared by the Board of Directors;

(iii) the appointment and removal of members of the Board of Directors, as well as their remuneration and payment methods;

(iv) Engaging or disengaging accounting firms;

(v) the change of the use of raised fund;

(vi) other matters except those that shall be adopted by a special resolution as provided for by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

The following matters shall be adopted by the Shareholders' Meeting through a special resolution:

(i) the increase or decrease of the Company's registered capital;

(ii) the division, spin-off, merger (except as otherwise prescribed in the Company's Articles of Association), dissolution or liquidation of the Company or change in the form of organization of the Company;

(iii) the amendment of the Company's Articles of Association;

(iv) the Company's purchase or sale of major assets or provision of guarantees within one year, where the amount exceeds 30% of the Company's latest audited total assets;

(v) the equity incentive plan;

(vi) other matters that, as provided for by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association, and as determined by the Shareholders' Meeting through an ordinary resolution, will have a significant impact on the Company and need to be adopted by a special resolution.

DIRECTORS AND BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced by the Shareholders' Meeting, and their positions may be terminated by the Shareholders' Meeting before the expiration of their term of office. The term of office of a director is three years, and upon the expiration of the term, the director may be re-elected for consecutive terms in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, but the consecutive terms of office of an Independent Director shall not exceed six years. Where the Securities Regulatory Rules Applicable to the Company have specific provisions regarding the re-election of directors, such provisions shall prevail.

Directors may concurrently hold the position of senior management positions. However, the total number of directors who concurrently hold the position of senior management positions and directors who are representatives of employees shall not exceed one-half of the total number of directors of the Company. The Company shall have an representative of employees in the board of directors, who shall be democratically elected by the employees of the Company through the congress of workers, employee assembly or any other form without the approval by the shareholders' meeting.

The directors of the Company may include executive directors, non-executive directors and independent non-executive directors. Non-executive directors refer to directors who do not hold positions in the Company. Relevant matters such as the eligibility requirements, nomination and election procedures, and authorities of independent non-executive directors shall be implemented in accordance with the relevant provisions of the Securities Regulatory Rules Applicable to the Company. Directors shall possess the eligibility qualifications required by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association.

Chairman

The Board of Directors shall appoint a Chairman. The Chairman shall be assumed by a Director of the Company and elected by the Board of Directors by more than one half of all Directors.

Board of Directors

The Board of Directors shall consist of 5–9 directors, at least 1/3 of whom are Independent Directors.

The Board of Directors exercises the following powers:

(i) to be responsible for convening the Shareholders' Meeting and reporting the work to the Shareholders' Meeting;

(ii) to implement the resolutions of the Shareholders' Meeting;

(iii) to decide on the Company's business plans and investment plans;

(iv) to formulate the Company's profit distribution plan and loss recovery plan;

(v) to formulate the Company's plan for increasing or decreasing the registered capital, issuing bonds or other securities and going public;

(vi) to draw up plans for major acquisitions by the Company, acquisition of the Company's own shares, or merger, division, dissolution and change of the Company's form;

(vii) within the scope of authorization of the Shareholders' Meeting, to decide on matters such as the Company's external investment, acquisition and sale of assets, asset mortgage, external guarantee, entrusted wealth management, affiliated (connected) transactions, external donations, etc.;

(viii) to decide on the establishment of the Company's internal management institutions;

(ix) to appoint or dismiss the Company's general manager, secretary of the Board of Directors, and other senior management of the Company, and to decide on their remuneration, rewards and punishments; based on the nomination of the general manager, to appoint or dismiss senior management personnel such as the Company's deputy general manager and financial director, and to decide on their remuneration, rewards and punishments;

(x) to formulate the Company's basic management systems;

(xi) to formulate a plan for amending the Company's Articles of Association;

(xii) to manage the Company's information disclosure matters;

(xiii) to propose to the Shareholders' Meeting the engagement or replacement of the accounting firm that audits the Company;

(xiv) to listen to the work reports of the Company's general manager and relevant personnel and inspect the work of the general manager;

(xv) to formulate a specific plan based on the conditions and upper limits for mid-term dividends in the next year approved by the annual shareholders' meeting;

(xvi) other powers and functions as provided for by the Securities Regulatory Rules Applicable to the Company or the Company's Articles of Association, and those granted by the Company's Articles of Association or the Shareholders' Meeting.

Matters exceeding the scope of authorization by the shareholders' meeting shall be submitted to the shareholders' meeting.

Subject to compliance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the Board of Directors shall determine the authorities regarding external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted wealth management, affiliated (connected) transactions, and external donations, and establish strict examination and decision-making procedures. For major investment projects, relevant experts and professionals shall be organized to conduct evaluations, and such projects shall be reported to the Shareholders' Meeting for approval.

A meeting of the Board of Directors may be held only when more than half of the directors are present. A resolution of the Board of Directors must be passed by more than half of all the directors. In the voting on resolutions of the Board of Directors, each director shall have one vote.

If a director has an affiliated (connected) relationship with an enterprise or individual involved in the matters to be resolved at a Board of Directors' meeting, the director shall promptly report it in writing to the Board of Directors. Such a director shall not exercise the right to vote on the matter, nor shall he/she act as an agent for other directors to exercise the right to vote. The Board of Directors' meeting may be held when more than half of the directors without affiliated (connected) relationships are present, and the resolution passed shall be approved by more than half of the directors without affiliated (connected) relationships who attend the meeting. If the number of directors without affiliated (connected) relationships attending the Board of Directors' meeting is less than three, the matter shall be submitted to the Shareholders' Meeting for deliberation.

Special Committees under the Board

The Board of Directors has established four special committees, namely the Strategy Development and ESG Committee, the Audit Committee, the Nomination Committee and the Remuneration and Evaluation Committee. The special committees shall be responsible to the Board of Directors, and perform their duties according to the Articles of Association and the authorization granted by the Board of Directors.

Secretary to the Board

The Company shall appoint a secretary of the Board of Directors, who shall be responsible for the preparation of the Shareholders' Meetings and Board of Directors' meetings of the Company, the custody of documents, the management of the Company's shareholder information, and the handling of information disclosure matters, among others. The secretary of the Board of Directors shall comply with the relevant provisions of the Securities Regulatory Rules Applicable to the Company and the Company's Articles of Association.

GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS

The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. The Company shall have several deputy general manages and a financial director, who shall be nominated by the general manager and appointed or dismissed by the Board of Directors. The deputy general managers and financial director shall assist the general manager in his/her work. The general manager, deputy general managers, financial director and secretary of the Board of Directors of the Company shall be the senior management personnel of the Company.

The general manager shall be responsible to the Board of Directors and exercise the following powers:

(i) to preside over the Company's production, operation and management work, and oversee daily administrative and business activities of the company;

(ii) to organize the implementation of the resolutions of the Board of Directors, and report work to the Board of Directors;

(iii) to organize the implementation of the Company's annual business plan;

(iv) to organize the implementation of the investment plan;

(v) to draw up a plan for the establishment of the Company's internal management institutions;

(vi) to draw up the Company's basic management systems and specific rules and regulations;

(vii) to propose to the Board of Directors the appointment or dismissal of the Company's deputy general managers and financial director;

(viii) to decide on the appointment or dismissal of responsible management personnel other than those whose appointment or dismissal shall be decided by the Board of Directors;

(ix) the securities regulatory rules of the place where the Company's shares are listed, other powers granted by the Company's Articles of Association or the Board of Directors.

Audit Committee

The Board of Directors shall establish an Audit Committee, which shall exercise the functions and powers of the supervisory board as stipulated under the PRC Company Law.

The Audit Committee shall consist of three (3) members, all of whom shall be non-executive directors. Among them, at least two (2) shall be Independent Directors, and the convener shall be a professional with the accounting or financial management expertise as required by the Securities Regulatory Rules Applicable to the Company.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audits and internal controls. The following matters shall be submitted to the Board for consideration after the approval by a majority of all members of the Audit Committee:

(i) disclosure of financial information in financial accounting reports and periodic reports, and internal control evaluation reports;

(ii) appointment or dismissal of the accounting firm that undertake the auditing business of a listed company;

(iii) appointment or dismissal of the financial director of a listed company;

(iv) changes in accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(v) other matters as provided by the Securities Regulatory Rules Applicable to the Company the Articles of Association, and the *Rules for the Audit Committee of the Board of Directors* adopted by the Company.

QUALIFICATIONS AND RESPONSIBILITIES OF DIRECTORS AND SENIOR MANAGEMENT

None of the following persons shall serve as our Director or senior management:

(i) being without capacity for civil conduct or with limited capacity for civil conduct;

(ii) having been sentenced to criminal punishment for embezzlement, bribery, misappropriation of property, misappropriation of funds, or disruption of the socialist market economic order, and not having passed five years since the expiration of the execution period; or having been deprived of political rights due to a crime, and not having passed five years since the expiration of the execution period. In the case of being declared on probation, not having passed two years since the expiration of the probation period;

(iii) having served as a director, factory director or manager of a company or enterprise undergoing bankruptcy liquidation and being personally responsible for the bankruptcy of such company or enterprise, and not having passed three years since the completion of the bankruptcy liquidation of such company or enterprise;

(iv) having served as the legal representative of a company or enterprise whose business license has been revoked due to violations of laws or has been ordered to be closed down, and being personally responsible for it, and not having passed three years since the date of revocation of the business license of such company or enterprise;

(v) having a relatively large amount of personal debt that is due but not repaid and being listed as a person subject to enforcement for dishonesty by the people's court;

(vi) having been imposed a penalty of being prohibited from entering the securities market by the CSRC, and the penalty period not having expired;

(vii) a person who has been publicly identified by the stock exchange as unsuitable to serve as a director or senior executive of a listed company, and whose term has not expired;

(viii) other circumstances as provided for by the Securities Regulatory Rules Applicable to the Company.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its financial and accounting systems in accordance with the Securities Regulatory Rules Applicable to the Company and the provisions of relevant state departments.

The Company shall disclose preliminary announcements of annual results within 3 months from the ending date of each fiscal year, and preliminary announcements of interim results within 2 months from the ending date of the first 6 months of each fiscal year. The Company shall report and disclose its annual report to the local office of the CSRC and the stock exchange(s) within 4 months from the ending date of each fiscal year, report and disclose its interim report to the delegated authority of the CSRC and the stock exchange(s) within 2 months from the end of the first half of each fiscal year, and report and disclose its quarterly reports in accordance with the Securities Regulatory Rules Applicable to the Company. If the securities regulatory authorities of the place where shares of the Company are listed provide otherwise, such provisions shall prevail.

The Company shall not maintain any accounting books other than the statutory ones. The Company's assets shall not be deposited in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund reaches 50% or more of the Company's registered capital, it may cease to make such allocations. If the Company's statutory reserve fund is insufficient to cover the losses of previous years, the current year's profits shall be used to cover the losses before making allocations to the statutory reserve fund as stipulated in the previous paragraph. After allocating the statutory reserve fund from the after-tax profits, the Company may, upon resolution of the Shareholders' Meeting, allocate any discretionary reserve fund from the after-tax profits. The remaining after-tax profits after covering losses and allocating the statutory reserve fund shall be distributed in proportion to the shares held by the shareholders, provided that, such profit distribution plan shall be prepared by the Board of Directors based on the Company's operating status, and approved by the Shareholders' Meeting. If the Shareholders' Meeting distributes profits to shareholders before covering the Company's losses and allocating the statutory reserve fund in violation of the previous paragraph, the shareholders must return the profits distributed in violation of the regulations to the Company.

The Company's shares held by the Company itself shall not participate in the profit distribution.

The Company's reserve funds shall be used to cover the Company's losses, expand production and operation, or be converted into an increase in the Company's capital. When using reserve funds to cover the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if they are still insufficient, the capital reserve fund may be used as prescribed. When the statutory reserve fund is converted into capital, the remaining amount of such reserve fund shall be no less than 25% of the Company's registered capital before the conversion.

After the Shareholders' Meeting of the Company passes a resolution on the profit distribution plan, or after the Company's Board of Directors formulates a specific plan based on the conditions and upper limits for the next-year interim dividend approved by the annual Shareholders' Meeting, the Company's Board of Directors must complete the distribution of dividends (or shares) within two months after the Shareholders' Meeting.

The Company shall implement an internal audit system, which clearly defines the leadership system, responsibilities and authorities, personnel allocation, funding support, application of audit results and accountability for internal audit. The Company's internal audit system shall be implemented and disclosed after being approved by the Board of Directors. The internal audit institution of the Company shall be responsible to the Board of Directors.

The Company shall engage an accounting firm that complies with the provisions of the Securities Law, the Hong Kong Listing Rules, and the securities regulatory rules of the place where the company's shares are listed to conduct business such as auditing of accounting statements, verification of net assets, and other related consulting services. The term of engagement is one year, and it may be re-engaged.

The engagement and dismissal of the accounting firm by the Company shall be decided by the Shareholders' Meeting. The Board of Directors shall not appoint an accounting firm before the Shareholders' Meeting makes a decision.

The Company shall ensure that it provides the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse to provide, conceal, or make false reports of such materials.

The remuneration of the accounting firm shall be decided by the Shareholders' Meeting.

When the Company dismisses or decides not to renew the engagement of an accounting firm, it shall notify the accounting firm 30 days in advance. When the Company's Shareholders' Meeting votes on the dismissal of the accounting firm, the accounting firm shall be allowed to attend the Shareholders' Meeting and present its opinions to the shareholders at the meeting.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved for the following reasons:

(i) the expiration of the business term stipulated in the Company's Articles of Association or the occurrence of other dissolution events specified in the Company's Articles of Association;

(ii) dissolution upon resolution of the Shareholders' Meeting;

(iii) dissolution required due to the merger or division of the Company;

(iv) being legally revoked of its business license, ordered to be closed down or being cancelled;

(v) where there are serious difficulties in the Company's operation and management, and the continued existence of the Company will cause significant losses to the interests of the shareholders, and the issue cannot be resolved through other channels, shareholders holding more than 10% of the total voting rights of all shareholders of the Company may request the people's court at the Company's registered location to dissolve the Company.

When the Company encounters the dissolution events specified in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

For dissolution due to the circumstances specified in items (i), (ii), (iv) and (v) above, a liquidation team shall be established within 15 days to commence liquidation. The liquidation team shall be composed of directors or other persons determined by the shareholders' meeting. Where a liquidation team fails to be established within the time limit to conduct liquidation or liquidation is not conducted after the formation of a liquidation group, person(s) or entity(-ies) with an interest may apply to the people's court to appoint relevant persons to form a liquidation team to carry out the liquidation.

The liquidation team shall notify the creditors within 10 days as of the date of its establishment, and make an announcement within 60 days via the media recognized by the CSRC and the stock exchanges where the Company's shares are listed or on the National Enterprise Credit Information Publicity System and Hong Kong Stock Exchange News Disclosure Website. Creditors shall, within 30 days as of the date of receipt of the notice, or within 45 days as of the date of the announcement in case of not receiving the notice, declare their claims to the liquidation team. When declaring their claims, creditors shall state the relevant matters of their claims and provide supporting materials. The liquidation team shall register the claims. During the period when creditors are declaring their claims, the liquidation team shall not make any payment to the creditors.

After the Company's property is used to pay off the liquidation expenses, employees' salaries, social insurance premiums and statutory compensations respectively, pay off the outstanding taxes and settle the Company's debts, the remaining property of the Company shall be distributed among shareholders in proportion to the shares they hold. During the liquidation period, the Company shall remain in existence, but shall not conduct any business activities unrelated to the liquidation. The Company's property shall not be distributed to shareholders before it is settled in accordance with the provisions of the preceding paragraph.

After the liquidation team has cleared up the Company's property, prepared the balance sheet and the list of properties, if it is found that the Company's property is insufficient to pay off its debts, it shall, in accordance with the law, apply to the people's court for declaring the Company bankrupt. After the people's court accepts an application for bankruptcy, the liquidation team shall transfer the liquidation matters to the bankruptcy administrator appointed by the people's court.

Where the Company is declared bankrupt in accordance with the law, the bankruptcy liquidation shall be carried out in accordance with the relevant laws on enterprise bankruptcy.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Company's Articles of Association in case of any of the following circumstances:

(i) after the PRC Company Law or relevant laws or administrative regulations are amended, the matters specified in the Company's Articles of Association conflict with the provisions of the amended Securities Regulatory Rules Applicable to the Company;

(ii) the Company's situation has changed and is inconsistent with the matters recorded in the Company's Articles of Association;

(iii) the Shareholders' Meeting decides to amend the Company's Articles of Association.

Where the matters of amending the Company's Articles of Association passed by the resolution of the Shareholders' Meeting involve the Company's registration matters, the change registration shall be handled in accordance with the law. If the matters of amending the Company's Articles of Association fall within the information that needs to be disclosed as required by the Securities Regulatory Rules Applicable to the Company an announcement shall be made in accordance with the relevant provisions.

FURTHER INFORMATION ABOUT OUR GROUP

Incorporation of Our Company

Our Company was incorporated in the PRC on October 26, 2001, and was converted into a joint stock company with limited liability on September 11, 2015. Our Company completed the listing of our A Shares on the SSE STAR Market (stock code: 688166) on November 8, 2019.

Our registered office is located at Building C25, Nano Science and Technology Park, No. 218 Xinghu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, PRC. Our Company's corporate structure and Articles of Association are governed by PRC laws and regulations.

The relevant PRC laws and regulations and a summary of the Articles of Association are set out in "Appendix V — Summary of Principal Legal and Regulatory Provisions" and "Appendix VI — Summary of Articles of Association" to this document, respectively.

Our principal place of business in Hong Kong is at 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. Our Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on November 3, 2025. Ms. Ye Jiahong (叶嘉紅) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for the service of process is the same as our principal place of business in Hong Kong.

Changes in the Share Capital of Our Company

Save as disclosed below and in the section headed "History and Corporate Structure", there has been no other alteration in our total issued share capital within the two years immediately preceding the date of this document.

Pursuant to Convertible Bonds issued by our Company and listed on the Shanghai Stock Exchange on January 27, 2022 (bond code: 118004), the period for conversion by way of our Company issuing new A Shares commenced on July 11, 2022 and will end on January 3, 2028.

Between January 1, 2024 and December 31, 2024, a total of 113 A Shares were issued pursuant to the conversion of the Convertible Bonds. The total issued share capital of our Company was then increased from RMB422,466,533 to RMB422,466,646.

Between January 1, 2025 and June 30, 2025, a total of 301,598 A Shares were issued pursuant to the conversion of the Convertible Bonds. The total issued share capital of our Company was then increased from RMB422,466,646 to RMB422,768,244.

Between July 1, 2025 and December 31, 2025, a total of 334,229 A Shares were issued pursuant to the conversion of the Convertible Bonds. The total issued share capital of our Company was then increased from RMB422,768,244 to RMB423,103,851.

Between January 1, 2026 to the Latest Practicable Date, a total of 7,360,747 A Shares were issued pursuant to the conversion of the Convertible Bonds. The total issued share capital of our Company was then increased from RMB423,103,851 to RMB430,464,598.

Changes in the Share Capital of Our Subsidiaries

Our Company's subsidiaries are set out Note 1 in the Accountants' Report as set out in Appendix I. The following sets out changes in the share capital or registered capital of our subsidiaries within two years immediately preceding the date of this document:

(1) Atmen Pharmaceutical

On October 23, 2024, the registered share capital of Atmen Pharmaceutical increased from RMB20,920,500 to RMB21,641,897.

On December 10, 2024, the registered capital of Atmen Pharmaceutical increased from RMB21,641,897 to RMB23,127,975.

On January 26, 2025, the registered capital of Atmen Pharmaceutical increased from RMB23,127,975 to RMB23,849,372.

(2) Chongqing Qiantai

On January 13, 2025, the registered capital of Chongqing Qiantai increased from RMB5,000,000 to RMB10,000,000.

On January 24, 2025, the registered capital of Chongqing Qiantai increased from RMB10,000,000 to RMB14,466,166.

On December 24, 2025, the registered capital of Chongqing Qiantai increased from RMB14,466,166 to RMB15,037,595.

(3) Singapore BrightGene

On May 10, 2024, Singapore BrightGene was incorporated as a private company limited by shares in Singapore with an issued share capital of SGD100,000.

(4) Qianyu Biopharmaceutical

On December 11, 2025, Nanjing Qianyu Biopharmaceutical Co., Ltd. (南京乾裕生物醫藥有限公司) was incorporated as a limited liability company in the PRC with a registered capital of RMB1 million.

(5) BrightGene Cayman

On May 20, 2025, Brightgene International (CAY) Limited was incorporated in the Cayman Islands with limited liability with an authorized share capital of USD50,000.

(6) Suzhou Bosheng Pharmaceutical

On January 23, 2026, Suzhou Bosheng Pharmaceutical Technology Co., Ltd. (蘇州博聖醫藥科技有限公司) was dissolved.

Shareholders' Resolutions

At the general meeting of our Company held on October 17, 2025, the following resolutions were passed by the Shareholders:

(i) the issuance of H Shares with a nominal value of RMB1.00 each by our Company and such H Shares be [REDACTED] on the Stock Exchange;

(ii) the number of H Shares to be issued pursuant to the [REDACTED] before the exercise of the [REDACTED] shall not exceed [REDACTED]% of the enlarged share capital of our Company upon completion of the [REDACTED], and the [REDACTED] shall not exceed [REDACTED]% of the above number of H Shares to be issued;

(iii) subject to the completion of the [REDACTED], the Articles of Association to become effective on the [REDACTED] shall be conditionally adopted, and the Board and its authorized person have been authorized to amend the Articles of Association in accordance with any comments from the relevant regulatory authorities; and

(iv) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the [REDACTED], the issue and [REDACTED] of the H Shares.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contract

The following contract (not being contract entered into in the ordinary course of business) has entered into by members of our Group within the two years preceding the date of this document and is or may be material:

[REDACTED]

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration Number	Registered Owner	Class	Expiry Date
1. . . .	BrightGene	PRC	9568889	Our Company	5	July 6, 2032
2. . . .	博瑞芬宁	PRC	11243006	Our Company, BrightGene Pharmaceutical	5	December 13, 2033
3. . . .	甘御	PRC	9577558	Our Company	5	July 13, 2032
4. . . .	博麦通	PRC	9574388	Our Company	5	July 6, 2032
5. . . .	博君康	PRC	9564238	Our Company	5	June 27, 2032
6. . . .	舒美仑	PRC	47475704	Our Company, BrightGene Pharmaceutical	5	April 13, 2031
7. . . .	美舒仑	PRC	47474066	Our Company, BrightGene Pharmaceutical	5	March 13, 2031
8. . . .	博立布	PRC	65632145	Our Company, Ruilin Biopharmaceutical Technology (Jiangsu) Co., Ltd. (瑞麟生物醫藥科技(江蘇)有限公司)	5	December 20, 2032
9. . . .	卡保	PRC	68661020	Our Company, BrightGene Pharmaceutical	5	June 6, 2033
10. . .	博舒通	PRC	67915278	Our Company, BrightGene Pharmaceutical	5	April 27, 2033
11. . .	BrightGene 博瑞医药	Hong Kong	306993415	Our Company	5, 42	December 8, 2035

Patents

a. Registered Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Patent owner	Place of Registration	Patent Number	Application Date
1. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use (GIP和GLP-1的雙受體激動劑、藥物組合物及用途)	Invention	Our Company	PRC	CN202210294984.3	March 23, 2022
2. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	USA	US12215133B2	December 14, 2023
3. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	South Africa	ZA202309366B	October 6, 2023
4. . . .	An intermediate of a pentose compound and its preparation method (一種戊糖化合物的中間體及其製備方法)	Invention	Our Company, Taixing BrightGene	PRC	CN201310380690.3	August 28, 2013
5. . . .	CD44 targeted multi-arm conjugate	Invention	Our Company	Europe	EP3928797B1	February 17, 2020
6. . . .	CD44 targeted multi-arm conjugate (CD44靶向多臂偶聯物)	Invention	Our Company	Taiwan	TWI771652B	February 21, 2020
7. . . .	An intermediate of eribulin and its preparation method (艾日布林中間體及其製備方法)	Invention	Our Company	PRC	CN201910197071.8	March 15, 2019
8. . . .	A compound of ascidiacea and the preparation method for its intermediate (一種海鞘素化合物及其中間體的製備方法)	Invention	Our Company	PRC	CN201910101895.0	February 1, 2019
9. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	Europe	EP4317179A1	March 23, 2022

b. Patent under Application

As of the Latest Practicable Date, we had applied for the registration of the following patents which we consider to be or may be material to our business:

No.	Patent	Type of patent	Patent holder	Place of Registration	Patent Number	Application Date
1. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use (GIP和GLP-1的雙受體激動劑、藥物組合物及用途)	Invention	Our Company	PRC	CN202280032045.X	March 23, 2022
2. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	USA	US18/283,164	March 23, 2022

No.	Patent	Type of patent	Patent holder	Place of Registration	Patent Number	Application Date
3. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use (GIPとGLP-1の二重受容體作動藥、醫藥組成物および使用)	Invention	Our Company, BrightGene Pharmaceutical	Japan	JP2023558333	March 23, 2022
4. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	Australia	AU2022245736	March 23, 2022
5. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use	Invention	Our Company, BrightGene Pharmaceutical	Canada	CA3213261	March 23, 2022
6. . . .	GIP and GLP-1 dual receptor agonist, pharmaceutical composition, and use (GIP 및 GLP-1의이중수용체작용제, 약물조성물및용도)	Invention	Our Company, BrightGene Pharmaceutical	Korea	KR1020237036350	March 23, 2022
7. . . .	GLP-1 and GIP dual receptor agonist pharmaceutical composition and use thereof (一種GLP-1和GIP雙受體激動劑藥物組合物及其用途)	Invention	Our Company	PRC	CN202380031541.8	September 21, 2023
8. . . .	Dual GLP-1 and GIP receptor agonist pharmaceutical composition and use thereof	Invention	Singapore BrightGene	Europe	EP2023867595	September 21, 2023
9. . . .	GLP-1 and GIP dual receptor agonist pharmaceutical composition and use thereof (一種GLP-1和GIP雙受體激動劑藥物組合物及其用途)	Invention	Our Company, BrightGene Pharmaceutical	Taiwan	TW112136020	September 21, 2023

Domain Names

As of the Latest Practicable Date, we owned the following domain name, which we consider to be or may be material to our business:

No.	Domain Name	Registration Owner	Registration date	Expiry Date
1. . . .	bright-gene.com	Our Company	March 5, 2007	March 5, 2026

Save as disclosed above, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights that were material in relation to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

Disclosure of Interests of Directors and Chief Executive

To the best knowledge of our Directors, saved as disclosed below, immediately following the completion of the [REDACTED] (assuming (i) the [REDACTED] is not exercised and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and the [REDACTED]), none of our Directors or chief executive has any interests or short positions in the Shares, underlying Shares and debentures of our Company or any associated corporations (within the meaning of Part XV 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded 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 for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Interests in Shares of our Company

Name of substantial Shareholders	Nature of interest	Description of Shares	Number of Shares	Approximate % of shareholding in our total issued share capital as of the Latest Practicable Date	Approximate % of shareholding in our A Shares immediately after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)	Approximate % of shareholding in our total issued share capital immediately after the [REDACTED] (excluding A Shares issuable upon the conversion of the outstanding Convertible Bonds)
Dr. Yuan[(1)]	Beneficial owner	A Shares	113,535,123	26.38%	[REDACTED]%	[REDACTED]%
	Interest of person acting in concert	A Shares	49,345,513	11.46%	[REDACTED]%	[REDACTED]%
	Interest in treasury Shares	A Shares	560,332	0.13%	[REDACTED]%	[REDACTED]%
Dr. Cheng Zengjiang (程增江)	Beneficial owner	A Shares	8,000	0.002%	[REDACTED]%	[REDACTED]%

Notes:

(1) For details of the interest held by Dr. Yuan, see "Substantial Shareholders."

Interests in Our Associated Corporations

Name	Position	Members of our Group	Nature of Interest	Approximate % of shareholding
Ms. Tong Tong (仝彤). .	manager	Suzhou Boda Biotechnology Co., Ltd. (蘇州博達生物科技有限公司)[(1)]	Beneficial owner	30.0%

Notes:

(1) As of the Latest Practicable Date, Suzhou Boda Biotechnology Co., Ltd. was a subsidiary of our Company.

Particulars of Service Contracts

Our Company [has entered into] a service agreement with each of the Directors which contains provisions in relation to, among other things, compliance of relevant laws and regulations, observations of Articles of Association and provisions on arbitration.

The principal particulars of these service agreements are: (a) each of the agreements is for a term of three years following his/her respective effective date of his/her respective effective date of his/her appointment; (b) each of the agreements is subject to termination in accordance with their respective terms.

Save as disclosed above, our Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Directors' remuneration

For details of the Directors' remuneration, see "Directors and Senior Management — Remuneration of Directors and Five Highest Paid Individuals" and Note 9 to the Accountant's Report as set out in Appendix I.

Disclosure of Interests of Substantial Shareholders

Interests in the Shares of our Company

Save as disclosed in the section headed "Substantial Shareholders" in this document, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), having or be deemed or taken to the beneficial interests or short position in our Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the issued voting shares of our Company or had option in respect of such capital.

Interests in our Company's subsidiaries

As of the Latest Practicable Date, to the best knowledge of our Directors, the following persons (other than members of our Group, the Directors or chief executive of our Company), as the case may be, were interested in 10% or more of the voting rights at general meetings of our subsidiaries:

Members of our Group	Name of substantial shareholder	Approximate % held by the substantial shareholder
Taixing BrightGene. . .	Suzhou Xinborui Investment Co., Ltd. (蘇州信博瑞投資有限公司)	27.2%
Atmen Pharmaceutical	Ningbo Ruizhi Bosi Enterprise Management Partnership (Limited Partnership) (寧波銳智博思企業管理合夥企業(有限合夥))	25.2%
Chongqing Qiantai . . .	Advanced Manufacturing Industry Investment Fund Phase II (Limited Partnership) (先進製造產業投資基金二期(有限合夥))	24.7%
Atsenbo Pharmaceutical	Suzhou Shenbo Medical Technology Co., Ltd. (蘇州申博醫療科技有限公司)	30.0%

Disclaimers

Save as disclosed in this document, none of our Directors or any of the parties listed in "— Other Information — Consents of Experts" below is:

(i) interested, directly or indirectly, in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company; or

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business.

SHARE INCENTIVE SCHEME

Our Company adopted the employee share incentive scheme ("**2021 A Share Incentive Plan**") on February 8, 2021 to issue up to 2,000,000 share awards. Under 2021 A Share Incentive Plan, a total of 2,000,000 share awards were granted to 84 eligible participants. As of the Latest Practicable Date, all 2,000,000 share awards granted were either forfeited or lapsed, and thus there was no outstanding restricted A Shares granted under the 2021 A Share Incentive Plan.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, we were not aware of any litigation or arbitration proceedings of material importance pending or threatened against any member of our Group that could have a material adverse effect on our financial condition or results of operations.

Sole Sponsor

The Sole Sponsor has applied to the Stock Exchange for the [REDACTED] of, and permission to [REDACTED] in, our H Shares to be issued pursuant to the [REDACTED]. All necessary arrangements have been made enabling the H Shares to be admitted into [REDACTED]. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will be paid by our Company a fee of US$700,000 to act as Sole Sponsor to our Company in connection with the [REDACTED].

Compliance Advisor

Our Company has appointed First Shanghai Capital Limited as our Compliance Advisor in compliance with Rule 3A.19 of the Listing Rules.

Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

Taxation of Holder of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is a 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix IV — Taxation and Foreign Exchange."

Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation 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) of the regulated activities as defined under the SFO
Jingtian & Gongcheng	PRC legal advisers to our Company
China Insights Consultancy	Independent industry consultant
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Hogan Lovells	Legal advisors to the Company as to International Sanctions law

As of the Latest Practicable Date, save in connection with the [REDACTED], none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to [REDACTED] or to nominate persons to [REDACTED] securities in any member of our Group.

Promoters

The promoters of our Company are as follows:

No.	Name of promoters of our Company
1	Dr. Yuan
2	Ms. Zhong
3	Suzhou Borui Venture Capital Management Partnership (Limited Partnership) (蘇州博瑞創業投資管理企業(有限合夥))
4	Suzhou Gaoxin Guofa Venture Capital Co., Ltd. (蘇州高新國發創業投資有限公司)
5	Suzhou Deruihengfeng Venture Capital Co., Ltd. (蘇州德睿亨風創業投資有限公司)
6	LAV Prosperity (Hong Kong) Co., Limited
7	Suzhou Guofa Angel Venture Capital Partnership (Limited Partnership) (蘇州國發天使創業投資企業(有限合夥))
8	Suzhou Gaoquan Venture Capital Partnership (Limited Partnership) (蘇州高銓創業投資企業(有限合夥))
9	Changzhou Jucheng Huake Venture Capital Center (Limited Partnership) (常州久誠華科創業投資中心(有限合夥))
10	Shanghai Jianxin Venture Capital Co., Ltd. (上海建信創業投資有限公司)
11	Suzhou Heyu Technology Micro-credit Co., Ltd. (蘇州市禾裕科技小額貸款有限公司)
12	Suzhou Industrial Park New Yuan Bio-venture Capital Partnership (Limited Partnership) (蘇州工業園區新建元生物創業投資企業(有限合夥))

Within the two years immediately preceding the date of this document, no cash, securities, amount or benefit 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 [REDACTED] or the related transactions described in this document.

Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Binding Effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in so far as applicable.

No Material Adverse Change

Our Directors confirm that there has been no material adverse change in our financial, business position or prospects since December 31, 2025, being the date of our consolidated financial statements as set out in the Accountants' Report as set out in Appendix I to this document, and up to the date of this document.

Miscellaneous

Save as disclosed in this document, in connection with the [REDACTED] or otherwise waived from disclosure pursuant to the waivers disclosed in the section headed "Waivers from Strict Compliance with the Listing Rules",

(i) within the two years immediately preceding the date of this document, to the best of our knowledge,

  (a) neither our Company nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash; and

  (b) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) there are no arrangements under which future dividends are waived or agreed to be waived;

(iv) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the 12 months preceding the date of this document; and

(v) our Company has no outstanding convertible debt securities or debentures.

APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Consents of Experts;" and

(b) a copy of the material contract referred to in "Appendix VII — Statutory and General Information — Further Information about Our Business — Summary of Material Contract."

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.bright-gene.com** during a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the Accountants' Report from Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the audited financial statements of our Group for the three years ended December 31, 2025;

(d) the report on unaudited [REDACTED] financial information of our Group from Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisors in respect of certain matters of our Group in the PRC;

(f) the industry report prepared by CIC, the summary of which is set forth in "Industry Overview;"

(g) a copy of each of the PRC Company Law, the PRC Securities Law, and Overseas Listing Trial Measures together with their unofficial English translation;

(h) the property valuation report relating to the selected property interest of our Company prepared by JLL, the texts of which are set out in Appendix III to this document;

(i) the International Sanctions memorandum issued by Hogan Lovells, our International Sanctions Legal Advisors;

(j) the material contract referred to in "Appendix VII — Statutory and General Information — Further Information about Our Business — Summary of Material Contract;"

(k) the written consents referred to in "Appendix VII — Statutory and General Information — Other Information — Consents of Experts;" and

(l) the service contracts referred to in "Appendix VII — Statutory and General Information — Further Information about Our Directors, Chief Executive and Substantial Shareholders — Disclosure of Interests of Directors and Chief Executive — Particulars of Service Contracts."