Risk Factors Comparison 2024-03-27 to 2023-03-30 Form: 10-K

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The following section includes the most significant factors that may adversely affect our business and operations. You should carefully consider the risks and uncertainties described below and all information contained in this Annual Report on Form 10- K before deciding to invest in our common stock. If any of the following risks actually occur, our business, financial condition, results of operations and growth prospects may be materially and adversely affected. In that event, the trading price of our common stock could decline, and you could lose all or part of your investment.
Summary of Risk Factors Investing in our securities involves a high degree of risk. Below please find a summary of the principal risks we face. These risks are discussed more fully below. • **Our business** ~~Catalyst' s CVR was distributed to its~~ **is significantly dependent** ~~stockholders of record~~ on ~~January 5~~ **the sales of ETUARY ®** , ~~2023;~~ **our marketed product in the PRC, amid a competitive landscape, and** ~~other~~ **there is a possibility that we** ~~stockholders, including purchasers of Catalyst common stock after January 5, 2023, will not benefit from the distribution under the CVR. CVR holders may potentially not receive any payment on the CVRs and the CVRs may otherwise expire valueless. • During the pendency of the Transactions, Catalyst~~ may not be able to ~~enter into~~ **sustain or boost the sales volume, pricing, and profitability of ETUARY. • There is** a **risk that our marketed product in the PRC, ETUARY, along with any other products that may receive approval in the future, may not attain sufficient market acceptance among physicians, healthcare facilities, pharmacies, patients, third-party payers, and the broader medical community, which is crucial for their commercial viability. • The future of our** business ~~combination with another party~~ **and financial outcomes is largely contingent** on ~~more~~ **the progress and success of our product candidates in clinical and pre- clinical stages, such as ETUARY for future indications in the PRC, F573 in the PRC, and F351 in the PRC and in additional markets beyond the PRC. We face the risk of not being able to finalize their clinical development, secure necessary regulatory approvals, or accomplish their market launch successfully, or we may encounter substantial setbacks in these processes. • To support the growth of our research and development activities and operations, we require further funding, which might not be obtainable on** favorable terms ~~because~~ **or could be entirely unavailable. If we fail to secure the needed capital at the critical time, we might have to postpone, scale down, or halt some** of ~~restrictions in~~ **our development projects, market introduction initiatives, or** ~~the~~ **other** ~~Business Combination Agreement~~ **operational aspects. • The true market potential for our product and product candidates may be less than expected. Our expansion could be constrained by the current and emerging number of IPF patients in the PRC, pending the approval and profitable launch of expanded applications for ETUARY for future indications in the PRC, and our other product candidates. • The approval procedures of the NMPA, FDA, and comparable foreign regulatory authorities are extensive, protracted, and inherently uncertain. Failure to secure necessary approvals, or encountering delays in the approval process, will prevent us from marketing our product candidates, such as ETUARY for future indications in the PRC, F573 in the PRC, and F351 in the PRC and in additional markets beyond the PRC** , which **may significantly affect our revenue generation. • Should we or our licensors fail to secure, uphold, defend, or extend adequate patent and other intellectual property rights for our product, ETUARY, which is approved in the PRC, and any product candidates globally, or if the breadth of these intellectual property rights is insufficient, our ability to effectively compete in our markets** could **be compromised** ~~adversely affect its business prospects~~ . ~~Certain provisions of the Business Combination~~ **• We have established, and may continue to establish, collaborative** ~~Agreement~~ **agreements** ~~may discourage third parties~~ **and strategic partnerships. However, there is no guarantee we will fully achieve the anticipated benefits** from ~~submitting competing proposals~~ **these collaborations, alliances, or licensing agreements, and conflicts could emerge with our present or prospective partners. • Clinical drug development involves a lengthy and expensive process and outcomes are uncertain, and we may not successfully complete clinical trials for drugs under development** , including ~~proposals that~~ **ETUARY for future indications in the PRC, F573 in the PRC, and F351 in the PRC and in additional markets beyond the PRC, or demonstrate the safety and efficacy of our product candidates to the satisfaction of regulatory authorities. • We are developing F351 for the treatment of liver fibrosis associated with NASH. The requirements for approval of F351 by the NMPA, FDA and comparable foreign regulatory authorities are unknown,** may be ~~superior~~ **difficult** to **predict** ~~the transactions contemplated by the Business Combination Agreement. • Catalyst may be subject to a new 1 % U. S. federal excise tax in connection with the issuance of the CVRs. • Catalyst may not be able to continue as a going concern if the conversion of Catalyst Convertible Preferred Stock is not approved by its stockholders. • Catalyst has incurred significant losses since its inception and is expected to continue to incur significant losses for the foreseeable future. • Catalyst will need additional capital to continue product development and may not be able to do so. If Catalyst is unable to raise sufficient capital~~ , ~~it will be forced to delay, reduce or eliminate product development programs. • Catalyst has no history of obtaining regulatory approval or commercialization of pharmaceutical products,~~ and ~~it~~ may **change over time** ~~be unable to do so for any product candidates Catalyst acquires or develops, including Hydronidone~~ , which ~~may make~~ **makes** it difficult to **predict** ~~evaluate Catalyst' s prospects. • Catalyst is substantially dependent on~~ the **timing** ~~success of its lead product candidate, Hydronidone,~~ and ~~its future~~ **costs of** clinical **development** ~~trials of Hydronidone may not be successful. Results from preclinical or early- stage clinical trials, including the results of preclinical testing~~ and ~~early clinical trials of Hydronidone, may not be confirmed in later trials or be predictive of the success of later clinical trials, including the results of Hydronidone' s later clinical trials. • If Catalyst experiences delays or difficulties in the commencement of clinical trials or patient enrollment in clinical trials, its regulatory approvals could be delayed or prevented. • Catalyst may expend its limited resources to pursue a~~

~~particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there~~ -- **the** ~~is a greater~~ likelihood of ~~success. • Catalyst' s product candidates, including Hydronidone, may cause significant adverse events, toxicities or other undesirable side effects that may result in a safety profile that could prevent regulatory approval,~~ marketing approval ~~or market acceptance, or limit their commercial potential~~ . • **Our ongoing success** ~~Catalyst contracts with third parties for the manufacture of its~~ - **is** ~~product candidates for preclinical testing and expects to continue to do so for clinical testing and commercialization. This reliance~~ **reliant** on ~~third parties increases the risk that Catalyst will not have sufficient quantities or~~ **our capacity** ~~quality of its product candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair its development or commercialization efforts. Catalyst relies on third parties to conduct certain aspects of its preclinical studies and any clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such tasks or trials. • Catalyst' s future success depends on its ability~~ to retain key executives and to ~~attract~~ **recruit** , ~~retain~~ **maintain,** and ~~motivate qualified personnel~~ **inspire skilled professionals** . • **If** ~~Catalyst' s employees, principal investigators, consultants and commercial partners may engage in misconduct or~~ **our** ~~other improper activities~~ **intangible assets are impaired** , **our results of operations** ~~including non- compliance with regulatory standards~~ and ~~requirements and insider trading~~ **financial condition may be adversely affected** . • ~~Catalyst~~ **Modifications to laws, regulations, and rules by the PRC government could lead to alterations in our operational processes and business approaches. • There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations. • The market price of our common stock is expected to be volatile. • We may be unable to integrate successfully and realize the anticipated benefits of the Contributions. • We** will continue to incur significant costs as a result of operating as a public company, and ~~its~~ **our** management is required to devote substantial time to compliance ~~initiatives. As~~ **with regulations related to operating as** a **public** ~~smaller reporting~~ company **. Risks Related to Our Financial Condition and Capital** ~~(" SRC "), Catalyst cannot be certain if the SRC reduced disclosure requirements~~ **Requirements Our business** ~~will make its common stock less attractive to investors. • If Catalyst~~ is ~~unable to obtain~~ **significantly dependent on the sales of ETUARY** , ~~protect or~~ **our** ~~enforce intellectual property rights related to~~ **marketed product in the PRC, amid a competitive landscape, and there** ~~its~~ - **is** ~~product candidates, Catalyst~~ **a possibility that we** may not be able to ~~compete effectively in~~ **sustain or boost the sales volume, pricing, and profitability of ETUARY. We are a biotechnology company and have only generated revenues from the commercial sale of ETUARY, which** ~~its~~ - **is approved in the PRC, and certain generic drugs. We only have one product and certain generic drugs for commercial sale and are still in the early stages of development of our other product candidates. We are largely dependent on sales of ETUARY, but we may not be able to maintain ETUARY' s sales volumes, pricing levels or profit margins. Sales of ETUARY accounted for 98. 9 % and 96. 9 % of our total revenue in 2023 and 2022, respectively, and we expect that sales of ETUARY will continue to comprise a substantial portion of our total revenue in the near future. As a result, any reduction in sales or profit margins of ETUARY will have a material negative impact on our business and results of operations. In addition, the pharmaceutical industries are characterized by rapid changes in technology, constant enhancement of industrial know- how and frequent emergence of new products, which renders our targeted** markets **highly competitive** . ~~Catalyst~~ **Notably, the IPF drug market in the PRC is characterized by increasingly fierce competition, with one pirfenidone product and one nintedanib product approved and commercialized, in addition to our product ETUARY. There are also several drug candidates that have entered into Phase 2 or more advanced clinical trial stage. With the increase in the penetration rate of IPF drugs and the expansion of the overall market, including past new market participants, we expect that more market players will join the IPF market, and, consequently, the sales of our product ETUARY, which accounted for 55. 3 % of the total market in 2022, has decreased from 78. 8 % of the total market share in 2021, and may continue to decrease. For details, see " — Business — Our Products and Product Pipeline — ETUARY: National Category 1. 1 New Drug for IPF Approved in 2011 — Market Opportunities and Competition " in this Annual Report. New entrants to the IPF market in the PRC may exert downward pressure on our average selling price of ETUARY, which may negatively impact sales and / or profit of ETUARY. Many of our competitors, including foreign pharmaceutical companies, may have substantially greater clinical, research, regulatory, manufacturing, marketing, financial and human resources compared to us. Certain of our competitors may be actively engaged in research and development in areas where we have products or where we are developing product candidates or new indications for our existing products. Other companies may discover, develop, acquire or commercialize products more quickly or more successfully than we do. Moreover, there** may also be ~~involved~~ **significant consolidation** in ~~lawsuits to protect~~ **the pharmaceutical industry among** ~~or~~ **our** ~~enforce its patents~~ **competitors or ventures among competitors that may increase their market share** . ~~• Catalyst' s~~ **Furthermore, our competitors may apply for and obtain marketing approvals in the PRC, United States or other countries for products with the same intended use as our generic products, ETUARY and** product candidates **more rapidly than we do** ~~are years away from regulatory approval~~ . The **capacity** ~~regulatory approval processes~~ of the **relevant authorities, such as the NMPA,** FDA ~~and~~ **or** other comparable foreign regulatory authorities ~~are lengthy~~ , ~~time- consuming and inherently unpredictable~~ **to concurrently review multiple marketing applications for the same type of innovative drug may be limited** . ~~If Catalyst~~ **Therefore, such authorities' review of our product candidates may be delayed when there** is **concurrent review of our product candidates with our competitors' products, and the registration process of our products may be prolonged. In addition to market competition from generic drugs and other products or therapies indicated for the same disease, many of the factors discussed in this Risk Factors section could adversely affect sales of ETUARY, including but** not ~~able~~ **limited** to ~~obtain~~ , **pricing pressures caused by government policies and inclusion or removal from the governmental medical insurance coverage, market acceptance among the medical community, disruptions in manufacturing or distribution, issues with product quality or side effects and disputes over intellectual property. Moreover, despite** ~~or~~ **our** ~~if~~ **efforts, we may be unable to develop or acquire new products that would diversify**

our business and reduce our dependence on ETUARY. We have devoted most of our financial resources to research and development, including our preclinical and clinical development activities. Our ability to generate revenue and realize profitability depends on ~~there -- the are delays in~~ **successful completion of the development of our product candidates,** obtaining **necessary** ~~, required~~ regulatory approvals, ~~Catalyst~~ **and manufacturing and commercializing our product candidates, which is contingent upon various factors, including: • the clinical development of ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC; • enhancing our commercial manufacturing capabilities; • our ability to attract, hire and retain skilled personnel ; • the successful enrollment in, and completion of, clinical trials, as well as completion of pre- clinical studies and favorable safety and efficacy data therefrom ; • receipt of regulatory approvals; • the performance by contract research organizations (" CROs "), or other third parties, of their duties to us in a manner that complies with our trial protocols and applicable laws and protects the integrity of the resulting data; • our ability to acquire or in- license other product candidates and technologies; • obtaining, maintaining, protecting and enforcing patent, trade secret and other intellectual property and proprietary protection and regulatory exclusivity, and ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property and proprietary rights of third parties ; • successfully launching commercial sales; • obtaining and / or maintaining favorable governmental and private medical reimbursement; • efficiently and cost- effectively enhancing our marketing platform and distribution capabilities; • competition with other products and product candidates; • continued acceptable safety profile following regulatory approval, including of ETUARY; • creating additional infrastructure to support operations as a public company and our product development and planned future commercialization efforts ; and • delays or other issues with any of the above. We may not be able to achieve one or more of the foregoing factors in a timely manner or at all. As a result, we could experience significant delays in or obtaining or not be able to obtain approval for and / or successful commercialization of our product, ETUARY, and product candidates, which would render us unable to achieve our planned milestones and materially harm our drug development prospects. Because of the numerous risks and uncertainties associated with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to sustain or increase profitability on a quarterly or annual basis. Failure to sustain or increase profitability would depress the value of our common stock and could impair our ability to raise capital, expand our business, maintain research and development efforts, diversify product offerings or even continue operations. A decline in the value of our common stock could also cause you to lose all or part of your investment. The development, commercialization, manufacturing, marketing, sales and distribution of biopharmaceutical products and product candidates is capital- intensive. We have only generated revenues from the commercial sale of ETUARY and certain generic drugs in the PRC and** will not be able to ~~commercialize its~~ **generate any product revenues in addition to those generated by ETUARY and certain generic drugs until we receive approval to sell our other** product candidates **from the NMPA** ~~, including Hydronidone,~~ **FDA or other regulatory authorities. As we have only generated revenue from commercial sales of ETUARY** and ~~its ability~~ **certain generic drugs to date and do not expect** to generate **any** revenue **from our other product candidates until** ~~will be materially impaired. • Of the~~ **they** ~~large number of drugs in development, only a small percentage successfully complete the FDA or foreign regulatory approval processes and are commercialized. The lengthy approval process as well as the unpredictability of future clinical trial results may result in Catalyst' s failing to~~ obtain regulatory approval **, if ever, we will need** to ~~market Catalyst' s product candidates~~ **raise substantial additional capital in order to fund our future research and development** , including ~~Hydronidone, which would significantly harm Catalyst' s business, results of operations and prospects. • Catalyst is developing Hydronidone for the treatment of NASH, an~~ **any new clinical trials,** ~~indication for which there are no approved products -~~ **product development** ~~. The requirements for approval of Hydronidone by the FDA and comparable foreign regulatory authorities may be difficult to predict and may change over time~~ , **partnerships with third parties** ~~which makes it difficult to predict the timing~~ and ~~costs of the~~ **strategic collaborations. If we continue with preclinical and** clinical development **activities, we** ~~. • Catalyst' s relationships with customers and third- party payors~~ will **continue** ~~be subject~~ to ~~applicable anti- kickback, fraud~~ **incur expenses related to the preclinical** and ~~abuse~~ **clinical development of our product candidates. However, we expect to need to raise substantial additional capital to continue the clinical development of ETUARY for future indications, F573, F528,** and **F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC, and depending on the availability of capital, may need to delay or cease development of some or all of our product candidates. Even if we raise additional capital, we may elect to focus our efforts on one or more development programs and delay or cease** other **development programs** ~~healthcare laws and regulations, which could expose Catalyst to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings~~ . **While we expect that** ~~• Catalyst' s results of operations may be adversely affected by current and potential future healthcare legislative and regulatory actions. Fluctuations in operating results could adversely affect~~ the ~~price~~ **implementation** of ~~Catalyst' s common stock. • Catalyst~~ **our strategies and business plans will require us to rely in part on external financing sources, our ability to obtain additional capital on commercially reasonable terms** is subject to ~~evolving privacy and data protection laws~~ **a variety of factors, many of which are outside of our control** , including ~~HIPAA and the EU General Data Protection Regulation (EU) 2016 / 679 (" GDPR "). If Catalyst fails to protect personal information or~~ **our** ~~comply with existing or~~ future ~~data protection regulations, its business,~~ financial condition, results of operations and ~~prospects~~ **cash flows, the global economic conditions, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. Additional funds** may **not** be **available when we need** ~~materially adversely affected. • Catalyst identified a material weakness in its internal control over financial reporting in its consolidated financial statements for the~~ **them** ~~year ended December 31~~ **on terms that are acceptable** , ~~2021~~ **or at all** . If **adequate funds are not available** ~~Catalyst fails to maintain effective internal~~

~~control over financial reporting~~ , ~~Catalyst~~ **we may be required to delay, reduce the scope of or eliminate some or all of our research or development programs, and we** may not be able to ~~accurately~~ **execute** ~~or~~ **our strategies and** ~~timely report its financial condition or results of operations, which may adversely affect its~~ business **plans** ~~and share price. • The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit its ability to market those products and decrease its ability to generate revenue. • The market price of Catalyst Common Stock has historically been highly volatile. Sales of a significant number of shares of Catalyst' s common stock in the public markets, or the perception that such sales could occur, could depress the market price of its common stock. • Anti- takeover provisions in its charter documents and provisions of Delaware law may make an acquisition more difficult and could result in the entrenchment of management. • Catalyst has recently received a Nasdaq notice for failing to comply with the minimum bid price listing requirement and there is no assurance Catalyst will regain compliance or maintain its Nasdaq listing. Risks Related to the Strategic Transactions Risks Related to the Business Combination Transactions Pursuant to the Contingent Value Rights Agreement (the " CVR Agreement ") dated December 26, 2022, Catalyst' s CVR was distributed to its stockholders of record on January 5, 2023. CVR distributions, if any, will consist of net proceeds from any potential future sale of Catalyst' s legacy assets or claims, net cash in excess of $ 1. 0 million,~~ as **currently contemplated** ~~of the closing of the Transactions, net cash received from the transaction with Vertex in May 2022, up to $ 5. 0 million, net proceeds from the payment of the remaining $ 5. 0 million due from the sale of Catalyst' s legacy hemophilia assets to GCBP, and net proceeds from certain legal claims that Catalyst has against a third party. The amount that can be distributed will depend on a variety of factors, including the value, if any, received for Catalyst' s legacy assets or claims, the amount of expenses Catalyst incurs before the closing of the Transactions, and the amount, if any, received from Vertex and GCBP. There can be no assurance as to the timing or amount of distributions to Catalyst' s stockholders pursuant to the CVR Agreement, and such amounts may ultimately be higher or lower than anticipated. Furthermore, other Catalyst stockholders, including purchasers of Catalyst common stock after January 5, 2023, will not benefit from the distribution under the CVR. Catalyst may not be able to achieve successful results from the disposition of such assets as described above. If this is not achieved for any reason within the time periods specified in the CVR Agreement, or the permitted deductions set forth in the CVR Agreement are greater than any gross proceeds, no payments will be made under the CVRs, and the CVRs will expire valueless. Covenants in the Business Combination Agreement impede the ability of Catalyst to make acquisitions during the pendency of the Transactions, subject to specified exceptions. In addition, while the Business Combination Agreement is in effect, Catalyst is generally prohibited from soliciting, proposing, seeking or knowingly encouraging, facilitating or supporting any inquiries, indications of interest, proposals or offers that constitute or may reasonably be expected to lead to certain transactions involving a third party, including a merger, sale of assets or other business combination, subject to specified exceptions. Any such transactions could be favorable to Catalyst' s stockholders, but Catalyst may be unable to pursue them. In addition, if the Business Combination Agreement is terminated under specified circumstances, Catalyst would be required to pay the Contributors a termination fee of $ 2. 0 million and reimburse the Contributors for all of their reasonable out- of- pocket fees and expenses up to $ 2. 0 million. This termination fee and expense reimbursement may discourage third parties from submitting competing proposals to Catalyst or its stockholders, and may cause the Catalyst Board of Directors to be less inclined to recommend a competing proposal. The terms of the Business Combination Agreement prohibit Catalyst from soliciting competing proposals or cooperating with persons making unsolicited takeover proposals, except in limited circumstances. In addition, if the Business Combination Agreement is terminated under specified circumstances, Catalyst would be required to pay the Contributors a termination fee of $ 2. 0 million and reimburse the Contributors for all of their reasonable out- of- pocket fees and expenses up to $ 2. 0 million. This termination fee and expense reimbursement may discourage third parties from submitting competing proposals to Catalyst or its stockholders, and may cause the Catalyst board of directors to be less inclined to recommend a competing proposal. Because the lack of a public market for BC' s common shares makes it difficult to evaluate the fair market value of BC' s common shares, Catalyst may pay more than the fair market value of the indirect controlling interest in BC and / or GNI USA and the Minority Holders may receive consideration in the Transactions that is less than the fair market value of their indirect ownership of BC. The outstanding common shares of BC are privately held and are not traded in any public market. The lack of a public market makes it difficult to determine the fair market value of BC' s common shares. Because the percentage of Catalyst equity to be issued to GNI USA and the Minority Holders was determined based on negotiations between the parties, it is possible that the value of the Catalyst Common Stock to be received by GNI USA and the Minority Holders will be less than the fair market value of their indirect ownership of BC, or Catalyst may pay more than the aggregate fair market value for the indirect controlling interest in BC. The U. S. federal income tax treatment of the CVRs is unclear, and there can be no assurance that the Internal Revenue Service would not assert, or that a court would not sustain, a position that could result in adverse U. S. federal income tax consequences to holders of the CVRs. The U. S. federal income tax treatment of the CVRs is unclear. There is no legal authority directly addressing the U. S. federal income tax treatment of the receipt of, and payments on, the CVRs, and there can be no assurance that the IRS would not assert, or that a court would not sustain, a position that could result in adverse U. S. federal income tax consequences to holders of the CVRs. Catalyst will treat the issuance of the CVRs as a distribution of property with respect to its stock. However, there is no authority directly addressing whether contingent value rights with characteristics similar to the CVRs should be treated as a distribution of property with respect to the corporation' s stock, a distribution of equity, a " debt instrument " or an " open transaction " for U. S. federal income tax purposes. In addition, although Catalyst will estimate the value of the CVRs for purposes of reporting the distribution on Form 1099 to Catalyst stockholders, the value of the CVRs is uncertain, and the IRS or a court could determine that the value of the CVRs at the time of issuance was higher. In such case, the Catalyst stockholders could be treated as having additional income or gain upon receipt of the CVRs. Further, notwithstanding Catalyst' s position that the receipt of CVRs and the proposed reverse stock split are appropriately treated as separate transactions, it is possible that the IRS or a court could~~

determine that the Catalyst stockholders' receipt of the CVRs and the proposed reverse stock split constitute a single " recapitalization " for U. S. federal income tax purposes. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to Catalyst' s position , which could result in adverse U. S. federal income tax consequences to holders of the CVRs. On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (" IRA "), which, among other things, imposes a 1 % excise tax (the " Excise Tax ") on certain repurchases of stock by publicly- traded domestic corporations. The Excise Tax will apply to repurchases occurring in 2023 and beyond. The amount of the Excise Tax is generally 1 % of the fair market value of the repurchased stock at the time of the repurchase. The U. S. Department of the Treasury has authority to provide regulations and other guidance to carry out, and prevent the abuse or avoidance of, the Excise Tax. On December 27, 2022, the U. S. Department of the Treasury issued Notice 2023- 2, which provides interim guidance regarding the application of the Excise Tax pending forthcoming proposed regulations. Catalyst is in the process of performing analysis of the Company' s earnings and profits which could result in the treatment of some or all of the distribution to be treated as a dividend for U. S. federal income tax purposes. Any portion of the issuance of CVRs that is not treated as a dividend may be subject to the 1 % Excise Tax under the IRA. The extent of the Excise Tax that Catalyst may incur would depend on a number of factors, including the extent such issuances could be treated as dividends and not repurchases, fair market value of the Catalyst Common Stock treated as being redeemed (if any), and the content of any regulations and other guidance from the U. S. Department of the Treasury that may be issued and applicable to such issuances. In addition, the amount of Excise Tax imposed with respect to repurchases of stock by a repurchasing corporation may be reduced by the fair market value of stock issued by the repurchasing corporation during the same taxable year. Absent the issuance of applicable guidance to the contrary, Catalyst currently expects that this reduction may be available with respect to the issuance of the Catalyst Common Stock in the Contributions. It is possible, however, that applicable guidance is issued that would prevent or limit the potential application of this rule. The Excise Tax is imposed on the repurchasing corporation itself, not the investors from which shares are repurchased, and the mechanics of any required payment of the Excise Tax have not yet been determined. The imposition of the Excise Tax, if any, with respect to the issuance of the CVRs could reduce the amount of cash available to Catalyst and have a material adverse effect on liquidity and operations. As part of the F351 Agreement, Catalyst issued 12, 340 shares of Catalyst Convertible Preferred Stock, which upon stockholder approval, will be converted to Catalyst Common Stock, subject to applicable beneficial ownership limitations. The terms of the Catalyst Convertible Preferred Stock include a cash settlement feature which provides that if Catalyst stockholders fail to approve the conversion of the Catalyst Convertible Preferred Stock by September 30, 2023, Catalyst could be required to make cash payments to the holders of Catalyst Convertible Preferred Stock significantly in excess of its current liquidity. Catalyst believes that stockholders who are entitled to vote on the conversion proposal at Catalyst' s 2023 Annual Meeting of Stockholders, which is expected to be held in the third quarter of 2023, will vote to approve the proposal. However, the vote of the Company' s common stockholders is outside of Catalyst' s control. Our independent registered public accounting firm has issued a report that raised substantial doubt about Catalyst' s ability to continue as a going concern. Risks Related to Catalyst As described below, if the Transactions are not completed, Catalyst will reconsider its strategic alternatives, including dissolving and liquidating its assets, pursuing another strategic transaction, or **our** operating its business . If the Transactions are not completed , Catalyst will face various risks related to its financial condition and **results** need for capital; its ability to execute on alternative strategies; discovery, development and commercialization of its product candidates; its intellectual property; regulatory and compliance matters; and its status as a public company, all as further discussed in the Risk Factors, including this subsection titled " — Risks Related to Catalyst. " Risks Related to Catalyst' s Financial Condition and Capital Requirements Catalyst is a preclinical- stage biotechnology company and has not yet generated significant revenues. Catalyst has incurred net losses in each year since its inception in August 2002, including net losses of $ 8. 2 million and $ 87. 9 million for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022, Catalyst had an accumulated deficit of $ 410. 9 million. Even after the acquisition of the F351 Assets, Catalyst is still in the early stages of development of its product candidates, and has no products approved for commercial sale. To date, Catalyst has financed its operations primarily through issuances of shares of common stock, from private placements of convertible preferred stock, and from payments under collaboration agreements. Catalyst has devoted most of its financial resources to research and development, including its preclinical and clinical development activities. If the Transactions are not consummated, Catalyst expects to continue to incur significant expenses and operating losses over the next several years as it continues the development of its complement product candidates. Catalyst' s operating losses may fluctuate significantly from quarter to quarter and year to year. Catalyst is expected to continue to incur significant expenses and operating losses for at least the next several years as it: • continues clinical development of Hydronidone; • further develops the manufacturing process for its product candidates; • attracts, hires and retains skilled personnel ; • seeks regulatory and marketing approvals for any of its product candidates that successfully complete clinical studies ; • acquires or in- licenses other product candidates and technologies ; • maintains, protects and expands its intellectual property portfolio ; • creates additional infrastructure to support operations as a public company and its product development and planned future commercialization efforts ; and • experiences any delays or other issues with any of the above. To become and remain profitable, Catalyst must succeed in developing and eventually commercializing products that generate significant revenue. This will require Catalyst to be successful in a range of challenging activities, including completing preclinical testing and clinical trials of product candidates, obtaining regulatory approval for these product candidates and manufacturing, marketing and selling any products for which regulatory approval is obtained. Catalyst is only in the preliminary stages of most of these activities. Catalyst may never succeed in these activities and, even if it does, it may never generate revenues that are significant enough to achieve profitability. Because of the numerous risks and uncertainties associated with pharmaceutical product development, Catalyst is unable to accurately predict the timing or amount of increased expenses or when, or if, Catalyst will be able to achieve profitability. Even if Catalyst does achieve profitability, Catalyst may not be able to sustain or increase profitability on a

~~quarterly or annual basis. Failure to become and remain profitable would depress the value of Catalyst' s common stock and could impair Catalyst' s ability to raise capital, expand its business, maintain research and development efforts, diversify product offerings or even continue operations. A decline in the value of Catalyst' s common stock could also cause you to lose all or part of your investment. If the Transactions are not completed, Catalyst will reconsider its strategic alternatives, including dissolving and liquidating its assets, pursuing another strategic transaction, or operating its business. Catalyst' s future capital requirements depend on many factors, and adequate additional financing may not be available to it on acceptable terms, or at all. Catalyst expects to devote significant time and resources to the completion of the Transactions. However, there can be no assurances that such activities will result in the completion of the Transactions. If the Transactions are not completed, Catalyst will reconsider its strategic alternatives. Catalyst considers one of the following courses of action to be the most likely alternatives if the Transactions are not completed: Dissolve and liquidate its assets. If, for any reason, the Transactions do not close, Catalyst' s board of directors may conclude that it is in the best interest of stockholders to dissolve the Company and liquidate its assets. In that event, Catalyst would be required to pay all of its debts and contractual obligations, and to set aside certain reserves for potential future claims. There would be no assurances as to the amount or timing of available cash remaining to distribute to stockholders after paying Catalyst' s obligations and setting aside funds for reserves. Pursue another strategic transaction. Catalyst may resume the process of evaluating a potential strategic transaction in order to attempt another strategic transaction like the Transactions. Operate its business. Catalyst' s board of directors may elect to seek new product candidates for development. Raise additional capital. Catalyst may raise additional capital to fund its development of Hydronidone, which may be dilutive to Catalyst stockholders. For details regarding the risks related to raising additional capital, see the Risk Factor entitled " — Catalyst will need additional capital to continue product development and may not be able to do so. If Catalyst is unable to raise sufficient capital, it will be forced to delay, reduce or eliminate product development programs. " If Catalyst' s board of directors elects to seek new product candidates for development, Catalyst expects that it would incur significant research and development expenses. If Catalyst is unable to raise capital when needed or on attractive terms, it would be forced to delay, reduce or eliminate any such future research and development programs or commercialization efforts and / or Catalyst could be forced to revise or abandon its current business strategy. Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is expensive. If Catalyst continues with preclinical and clinical development activities, it will continue to incur expenses related to the preclinical and clinical development of its complement product candidates. Catalyst believes that its available cash and cash equivalents will be sufficient to fund its operations for at least the next 12 months assuming Catalyst' s stockholders approve the conversion of Catalyst Convertible Preferred Stock. However, Catalyst expects to need to raise substantial additional capital to continue the clinical development of Hydronidone and depending on the availability of capital, may need to delay or cease development of some or all of its product candidates. Even if Catalyst raises additional capital, it may elect to focus its efforts on one or more development programs and delay or cease other development programs. Until Catalyst can generate sufficient revenue from its product candidates, if ever, it expects to finance future cash needs through public or private equity offerings, debt financings, corporate collaborations and / or licensing arrangements. Additional funds may not be available when Catalyst needs them on terms that are acceptable, or at all. If adequate funds are not available, Catalyst may be required to delay, reduce the scope of or eliminate some or all of its research or development programs~~ . Because successful development of ~~its~~ **our** product candidates is uncertain, ~~Catalyst is~~ **we are** unable to estimate the actual funds required to complete research and development and commercialize ~~its~~ **our** products under development. **Our** ~~Catalyst' s~~ future funding requirements, both near and long- term, will depend on many factors, including, but not limited to: • the costs and results of preclinical studies or clinical trials of ~~Hydronidone~~ **ETUARY, F351, F573, F528 and F230** or ~~its~~ other ~~complement~~ product candidates, and expenses related to potential clinical development of such candidates; • the **expenses associated with promoting academic marketing and expanding our sales and distribution network; • the** number and characteristics of product candidates that ~~it~~ **we** ~~pursues~~ **pursue** ; • the costs ~~it~~ **we** ~~incurs~~ **incur** related to the sale of ~~its~~ **our** legacy assets or claims; • the terms and timing of any future collaboration, licensing or other arrangements that ~~Catalyst~~ **we** may establish; • ~~its headcount and costs associated with hiring or~~ **our need and ability to** ~~retaining~~ --- **retain key management and hire scientific, technical, business and medical** personnel; • the outcome, timing and cost of regulatory approvals; • **our efforts to** ~~the cost of obtaining, maintaining~~ --- **maintain** , **expand and** ~~defending~~ --- **defend** ~~and enforcing~~ **the scope of our** intellectual property ~~rights~~ **portfolio** , including **the amount and timing of any payments we may be required to make, or that we may receive, in connection with the licensing, filing, prosecution, defense and enforcement of any** ~~patent~~ **patents or other intellectual property** rights; • the effect of competing technological and market developments; • the ~~cost~~ **costs** and timing **associated with** ~~of completing outsourced~~ manufacturing ~~activities~~ **our products, including ETUARY and generic products and product candidates for which we may receive regulatory approval, and establishing commercial supplies and sales, marketing and distribution capabilities** ; • market acceptance of any product candidates for which ~~Catalyst~~ **we** may receive regulatory approval; • the **capital expenditure required to increase our** ~~cost of establishing sales, marketing and distribution capabilities for any product~~ **production** ~~candidates for which Catalyst may receive regulatory approval~~ **capacity and to expand and upgrade our facilities** ; • the costs of continuing to operate ~~its~~ **our** business, including costs associated with being a public company; and • the extent to which ~~Catalyst~~ **we** ~~acquires~~ **acquire** , ~~licenses~~ **license** or ~~invests~~ **invest** in businesses, products or technologies. ~~If the Transactions are not consummated, Catalyst will require additional capital to achieve its business objectives. Additional funds may not be available on a timely basis, on favorable terms or at all, and such funds, if raised, may not be sufficient to enable it to continue to implement Catalyst' s long- term business strategy. Any additional fundraising efforts may divert its management from their day- to- day activities, which may adversely affect its ability to develop and commercialize its product candidates.~~ Further, ~~its~~ **our** ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the United States and worldwide resulting from **public health crises,** ~~the ongoing COVID- 19 pandemic or~~

the conflict between Russia and Ukraine **, the Hamas- Israel war or the attacks on marine vessels traversing the Red Sea . For details regarding the risks related to the relations between the PRC and the United States, see " — Risks Related to Our Business Operations in the PRC — Changes in the political and economic policies of the PRC government or relations between the PRC and the United States may affect our business, financial condition and results of operations. "** If ~~Catalyst is~~ **we are** unable to raise sufficient additional capital, ~~it~~ **we** could be forced to curtail ~~its~~ **our** planned operations and the pursuit of ~~its~~ **our** strategy. ~~As discussed above, if the Transactions are not completed, Catalyst will reconsider its strategic alternatives, including dissolving and liquidating its assets, pursuing another strategic transaction, or operating its business.~~ If **our** ~~Catalyst' s~~ board of directors elects to seek product candidates for development, ~~Catalyst~~ **we** will face the risks related to discovery, development and commercialization of ~~its~~ **our** product candidates set forth in this section, in addition to other risks described in this Risk Factors section. Raising additional funds by issuing securities or through licensing arrangements may cause dilution to stockholders, restrict **our** ~~Catalyst' s~~ operations or require ~~Catalyst~~ **us** to relinquish proprietary rights. To the extent that ~~Catalyst~~ **we** ~~raises~~ **raise** additional capital through the sale of equity or convertible debt securities, stockholders will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect the rights of common stockholders. ~~Catalyst~~ **We** currently ~~has~~ **have** in place an Equity Distribution Agreement with Piper Sandler & Co. that permits ~~it~~ **us** , subject to applicable SEC regulations, to issue up to $ 50. 0 million ~~worth~~ of shares of ~~its~~ **our** common stock in " at the market " transactions at prevailing market prices. Debt financing, if available at all, may involve agreements that include covenants limiting or restricting ~~its~~ **our** ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If ~~Catalyst~~ **we** ~~raises~~ **raise** additional funds through collaborations, strategic alliances or licensing arrangements with third parties, ~~Catalyst~~ **we** may have to relinquish valuable rights to ~~its~~ **our** technologies, product candidates or future revenue streams or grant licenses on terms that are not favorable to ~~Catalyst~~ **us** . ~~Catalyst~~ **We** may also seek to access the public or private capital markets whenever conditions are favorable, even if ~~it does~~ **we do** not have an immediate need for additional capital at that time. There can be no assurance that ~~Catalyst~~ **we** will be able to obtain additional funding if, and when necessary. If ~~Catalyst is~~ **we are** unable to obtain adequate financing on a timely basis, ~~Catalyst~~ **we** could be required to delay, curtail or eliminate one or more, or all, of ~~its~~ **our** development programs or grant rights to develop and market product candidates that ~~Catalyst~~ **we** would otherwise prefer to develop and market ourselves. ~~Catalyst currently has~~ **We may grow our business in part through acquisitions, which may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities and have material adverse effect on our ability to manage our business, and we may fail to successfully complete such acquisitions or enhance post- acquisition performances in the future. To enhance our growth and benefit our product development, technology advancement and distribution network, we have in the past and may continue to acquire businesses, products, technologies or know- how or enter into strategic partnerships. Any completed, in- process or potential acquisition or strategic partnership may entail numerous risks, including: • inability to identify suitable acquisition targets and reach agreement on acceptable terms; • lack of access to financing for acquisitions on acceptable terms or at all, or otherwise on assumption of additional indebtedness or contingents and issuance of our equity securities; • failure to obtain or secure the governmental approvals and third- party consents necessary to consummate any proposed acquisition; • increased operating expenses, including research and development expenses due to** an **increased number of product candidates, administrative expenses and selling expenses; • assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel; • diversion of our management' s attention from our existing product programs and initiatives in pursuing such a strategic merger or acquisition; • difficulty in retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships; • risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products and product candidates; • inability to generate revenue from acquired technology and / or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs; and / or • deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance and product liabilities in the acquired business we discover after such acquisition. Our plan to grow our business through such acquisitions may not materialize as expected. Our high gross margin during the years ended December 31, 2023 and 2022 may not be sustainable. During the years ended December 31, 2023 and 2022, we maintained a high level of gross margin. Our profit margins were 95. 9 % and 95. 3 % for the years ended December 31, 2023 and 2022, respectively, due to our mature technology and significant cost reduction due to the scale** ~~effective~~ **effect** ~~registration statement~~ **. However, there can be no assurance that we will sustain a similarly high gross margin in the future. Various factors may affect our gross margin, many of which are beyond our control. For example, changes in the competitive landscape of the relevant markets may decrease the average selling prices of ETUARY, which may have a negative effect** on **our gross margin. Moreover, our gross margin will be influenced by various components of our costs, such as the cost of raw materials.** ~~Form~~ **For** ~~S~~ **details, see " — Risks Relating to Manufacture and Supply of Our Product — Fluctuations in prices of our raw materials and energy supply, as well as other costs associated with our production processes, may have a material adverse effect on us if we are not able to pass the cost increases on to our customers " in this Risk Factors section. Our five largest customers accounted for a substantial amount of our revenue during the years ended December 31, 2023 and 2022, which subjects us to concentration risks. Our five largest customers accounted for a substantial amount of our revenue for the years ended December 31, 2023 and 2022. As such, we may be exposed to credit risks, and there can be no assurance that we can properly assess and respond in a timely manner to changes in our customers' credit profile. As of each of December 31, 2023 and 2022, we had certain concentrations of credit risk of 10 %. In addition, as of December 31, 2023, 50. 5 % and 85. 5 %, and as of December 31, 2022, 45. 1 % and 78. 3 %, of our trade receivables were due from our largest customer and our five largest customers, respectively. If such customers' cash**

flows, working capital, financial condition or results of operations decrease, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays could materially and adversely affect our cash flows, and if we terminate our relationships with our customers as a result of such customers' default or payment delay, then that may adversely and materially affect our cash flows and operations. If any of our major customers stop purchasing ETUARY or substantially reduce order size in the future, whether due to the termination or amendment of our contractual relationship with such customer, or due to any other reason unrelated to us, we may not be able to identify and sell ETUARY to an alternative customer in a timely manner, or at all. As a result, our business and financial performance may be materially and adversely affected. We may face risk regarding the obsolescence of our inventories. Our inventories consist of raw materials, works in progress, semi - finished goods and finished goods. As of December 31, 2023 and 2022, our inventories were valued at $ 4. 3 million and $ 6. 1 million, respectively. During the years ended December 31, 2023 and 2022, we did not identify material inventory items requiring impairment provisioning, and we believe that ~~allows Catalyst~~ maintaining appropriate levels of inventory helps us meet market demands in a timely manner. We generally purchase supplies based on our estimated demand and manufacturing capacity, and our management system covers each stage of the warehousing process. The storage and distribution of our inventories are closely monitored in order to keep our inventories and logbook consistent. However, as our business expands, our inventory levels may increase and the risk of obsolescence may increase accordingly. Furthermore, any unexpected material fluctuations in the supplies or changes in customers' preferences may lead to decreased demand and overstocking of supplies and increase the risk of obsolescence. We have intangible assets primarily consisting of product development in progress, patents, technological know- how, and computer software, which accounted for a considerable portion of our total assets as of December 31, 2023 and 2022. The value of our intangible assets is based on a number of assumptions made by our management. If any of these assumptions do not materialize, or if the performance of our business is not consistent with such assumptions, we may have to write ~~offer --~~ off ~~up~~ a significant portion of our intangible assets and record a significant impairment loss. In addition, our determination on whether intangible assets are impaired requires an estimation of the carrying amount and recoverable amount of an intangible asset. If the carrying amount exceeds its recoverable amount, our intangible assets may be impaired, which could have a material adverse effect on our business, financial condition and results of operations. We may be subject to credit risk in collecting trade receivables due from our customers. As of December 31, 2023 and 2022, our trade receivables amounted to $ ~~150 -~~ 15. 2 million and $ 15. 6 million, respectively, which primarily represented the balances due from our distributors. Our liquidity and cash flow are directly affected by our customers' ability to pay us in a timely manner, but there can be no assurance that our customers will not default on us in the future, despite our efforts to conduct credit assessments. During the years ended December 31, 2023 and 2022, our trade receivables turnover days were 50 days and 46 days, respectively. If any of our customers' business, cash flow, conditions or results of operations decrease, such customers may be unable or unwilling to pay trade receivables owed to us promptly or at all. Bankruptcy or deterioration of the credit condition of our major customers could also materially and adversely affect our collection of trade receivables. For details of the risk associated with concentrations of credit risk that we are exposed to, see " — Our five largest customers accounted for a substantial amount of our revenue during the years ended December 31, 2023 and 2022, which subjects us to concentration risks. " in this Risk Factors section. If significant amounts due to us is not settled in a timely manner, we may incur significant write- offs and our liquidity and cash flow may be adversely affected. We have historically received government grants and have been entitled to preferential tax treatment, but we may not continue to receive government financial incentives in the future. We have historically received government grants in connection with certain of our research and development and manufacturing activities, and recognized government grants under other income and gains of $ 1 . 0 million ~~of securities in one~~ and $ 0. 9 million ~~or for more offerings~~ the years ended December 31 , 2023 and 2022, respectively. For details of the amounts of our other recognized income, see Note 4 to the Audited Financial Statements of Gyre Therapeutics, Inc. in this Annual Report. We were also entitled to a preferential corporate income tax rate of 15 % for each of the years ended December 31, 2023 and 2022 as a High and New Technology Enterprise. In addition, our product ETUARY, which is approved in the PRC, has been entitled to a preferential VAT treatment at the tax rate of 3 %. However, there can be no assurance of the continued availability of such preferential treatment. Our eligibility for government grants and preferential tax rates depends on a variety of factors, including, but not limited to, the assessment of our improvement on existing technologies, relevant government policies and the availability of funding at different granting authorities. In addition, the timing, amount and criteria of government financial incentives are determined within the sole discretion of the PRC government authorities. Government financial incentives are non- recurring in nature, and there can be no guarantee that we will continue to receive government incentives. In addition, some government financial incentives may be subject to ~~limitations under~~ the satisfaction of certain conditions, including compliance with the applicable financial incentive ~~SEC rules, including up to $ 50. 0 million of common stock issuable under its Equity Distribution Agreement~~ agreements ~~with Piper Sandler & Co~~ and completion of the specific projects therein, which we may not satisfy . Any reduction ~~additional sales in the public market of its common stock~~ or elimination of ~~other --~~ the ~~securities under these shelf registration statements~~ government financial incentives we currently receive could have an ~~adversely --~~ adverse ~~affect~~ effect on our financial condition ~~prevailing market prices for its common stock~~ . Risks Related to Our ~~Catalyst' s~~ Business Operations and Product Candidates The commercial success ~~Catalyst has no history~~ of our existing and future approved products, if any, depends upon the degree of market acceptance such products can achieve, particularly among physicians, hospitals, pharmacies and other medical institutions, which is contingent upon a number of factors. Such factors affecting the market acceptance of a current or future approved product, if any, may include: • the clinical indications for which the product

is approved; • the safety and efficacy of the product; • the potential and perceived advantages and disadvantages of the product, relative to competing or alternative products or treatments; • the affordability of the product; • the cost of treatment in relation to alternative treatments and therapies; • the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies; • the strength of our relationships with patient communities; • the availability of third- party coverage and adequate reimbursement; • the willingness of patients to pay out- of- pocket in the absence of coverage and adequate reimbursement by third- party payors and government authorities; • the strength of marketing and distribution support; • the prevalence and severity of any side effects; • the current diagnostic conditions of the disease for which the product is indicated, which may be influenced by the number of physicians from the relevant department and their respective experiences, available diagnostic methods and equipment therefor; and • the effectiveness of our sales and marketing efforts. If our existing and future approved products, if any, fail to achieve or maintain widespread market acceptance, or if new products introduced by our competitors are perceived more favorably by healthcare practitioners and patients, are more cost- effective or otherwise render our products obsolete, the demand for our products may decline and our business and profitability may be materially and adversely affected. Before obtaining regulatory approval ~~or~~ **for** ~~commercialization~~ **the sale** of ~~pharmaceutical~~ **our product candidates, we must conduct extensive clinical trials to demonstrate their safety and efficacy, but there can be no assurance that such trials will be completed in a timely or cost- effective manner, due to the inherently unpredictable nature of clinical drug development. We have only obtained regulatory approval for one product, ETUARY for the treatment of IPF in the PRC, that we have developed, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval. Events that may prevent successful or timely completion of clinical development may include: • regulators, institutional review boards or ethics committees not authorizing us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site; • our inability to reach agreements on acceptable terms with prospective CROs, SMOs and hospitals as trial centers; • manufacturing issues, including problems with manufacturing, supply quality, compliance with GMP, or obtaining sufficient quantities of a product candidate for use in a clinical trial in a timely manner; • clinical trials producing negative or inconclusive results, resulting in additional clinical trials or abandoning drug development programs; • changes to the clinical trial protocol; • our third- party contractors' failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all; • our suspending or terminating clinical trials for various reasons, including negative or inconclusive clinical response or a finding that participants are being exposed to unacceptable health risks or experiencing adverse effects; • the cost of clinical trials being greater than we anticipate; • the supply or quality of our product candidates or other materials necessary to conduct clinical trials being insufficient or inadequate; • delays in having patients complete participation in a trial or return for post- treatment follow- up; • participants choosing an alternative treatment for the indication for which we are developing our product candidates, or participating in competing clinical trials; • occurrence of adverse effects or serious adverse effects associated with the product candidate that are viewed to outweigh its potential benefits; • the occurrence of serious adverse events in clinical trials of competing** products ~~, and it may be unable to do so for~~ - **or** ~~any product candidates Catalyst acquires~~ **conducted by competitors; • third- party clinical investigators losing the licenses or permits necessary to perform** ~~or~~ **our** ~~develops~~ **clinical trials** , **not performing our** ~~including F351, which may make it difficult to evaluate Catalyst' s prospects. Catalyst began operations in August 2002. Catalyst' s operations to date have been limited to financing and staffing the Company, developing its technology and product candidates, establishing collaborations and conducting phase 2~~ clinical trials on **our anticipated schedule or consistent with the** ~~small numbers of patients. Catalyst has not yet demonstrated an ability to successfully conduct a phase 3~~ clinical trial **protocol or other regulatory requirements or committing fraud; and • the results of pre- clinical studies or early clinical trials not being predictive of the results of later- stage clinical trials** , ~~obtain marketing approvals, manufacture~~ **and initial or interim results of** a ~~product at commercial scale repeatedly, or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, predictions about Catalyst' s future product development timelines, clinical~~ trial ~~plans, expenses, success or viability may~~ not **being predicative** ~~be as accurate as they could be if Catalyst had a longer operating history or a history~~ of **final results** ~~successfully developing and commercializing pharmaceutical products~~ . If ~~Catalyst is~~ **we are** required to conduct additional preclinical studies or clinical trials of ~~Hydronidone~~ **our product candidates, including of ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** beyond those that ~~Catalyst~~ **we** currently ~~contemplates~~ - **contemplate** , if ~~Catalyst is~~ **we are** unable to successfully complete clinical trials of ~~Hydronidone~~ **our product candidates, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, ~~Catalyst~~ **we** may: • be delayed in obtaining regulatory approval from the **NMPA,** FDA, EMA or other regulatory authorities for ~~Hydronidone~~ **our product candidates, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** ; • not obtain regulatory approval at all and lose ~~its~~ **our** ability to further develop and commercialize ~~Hydronidone~~ **our product candidates, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC; • be required to conduct additional clinical trials or other testing beyond those that we currently contemplate** ; • obtain regulatory approval for indications or patient populations that are not as broad as intended or desired; • continue to be subject to post- marketing testing requirements from the **NMPA,** FDA, EMA or other regulatory authorities **; • be unable to be listed in the NRDL in the PRC** ; or • experience having the product removed from the market after obtaining regulatory approval. ~~Catalyst~~ **Consequentially, any delays in completing our clinical trials may increase our costs, delay our product candidate development and approval**

process, and jeopardize our ability to commercialize our approved products and generate revenues. Liver fibrosis is **an area** ~~substantially dependent on the success~~ of ~~its lead~~ **our focus, and our key** product candidate **in this area** ~~, Hydronidone, and its~~ **is F351. Our** future clinical trials ~~of Hydronidone~~ **for F351** may not be successful. **We** ~~Catalyst' s future success is substantially dependent on its ability to timely obtain marketing approval for, and then successfully commercialize, Hydronidone, Catalyst' s lead product candidate. Catalyst expects~~ **expect** to invest a ~~majority~~ **substantial amount** of ~~its~~ **our** efforts and financial resources into the research and development of ~~Hydronidone~~ **F351** . ~~Catalyst~~ **F351** is ~~planning~~ **currently in its Phase 3 clinical trial in the PRC and has the potential to be the world' s first approved drug to treat liver fibrosis associated with CHB. F351 was granted a Breakthrough Therapy designation by the NMPA' s CDE in March 2021 and the patient enrollment for our Phase 3 clinical trial was commenced in January 2022. As of October 2023, the 248 patient Phase 3 clinical trial in the PRC was fully enrolled. However, F351' s Breakthrough Therapy designation does not increase the likelihood that F351 will ultimately receive approval from the NMPA or other comparable regulatory authorities. We expect to have the last patient out in 2024 and submit an NMPA application for F351 in the PRC in the first quarter of 2025. In addition, we are actively preparing an IND application that we expect to file by the end of 2024 for a Phase 2 clinical trial to evaluate F351 for the treatment of advanced liver fibrosis associated with NASH. Following IND clearance, we plan** to initiate a Phase 2a, ~~Proof- of- Concept (" PoC ")~~ clinical trial in ~~late 2023~~ **2025 in the United States** to evaluate the safety, tolerability, PK, and PD of ~~Hydronidone~~ **F351** for patients with advanced liver fibrosis associated with noncirrhotic NASH. The FDA has provided pre- IND advice on the design of the planned Phase 2a trial of ~~Hydronidone~~ **F351** and provided ~~clear~~ guidance on the ~~requirements for~~ **contents of** the IND filing. If ~~Catalyst~~ **we** ~~observes~~ **observe** positive trends in the Phase 2a trial of ~~Hydronidone~~ **F351** , ~~it~~ **we** ~~expects~~ **expect** to initiate a Phase 2 trial of ~~Hydronidone~~ **F351 in the United States** . ~~Hydronidone~~ **F351** will require additional clinical development, evaluation of clinical, preclinical and manufacturing activities, marketing approval in multiple jurisdictions, substantial investment and significant marketing efforts before ~~Catalyst~~ **we** ~~generates~~ **generate** any revenues from product sales. ~~Catalyst is~~ **We are** not permitted to market or promote ~~Hydronidone~~ **F351** , or any other product candidates, before ~~Catalyst~~ **we** ~~receives~~ **receive** marketing approval from the **NMPA,** FDA and comparable foreign regulatory authorities, and ~~Catalyst~~ **we** may never receive such marketing approvals. The success of ~~Hydronidone~~ **F351** will depend on a variety of factors. ~~Catalyst does~~ **We do** not have complete control over many of these factors, including certain aspects of clinical development and the regulatory submission process, potential threats to **our** ~~Catalyst' s~~ intellectual property rights and the manufacturing, marketing, distribution and sales efforts of any future collaborator. Accordingly, ~~Catalyst~~ **we** cannot assure you that ~~it~~ **we** will ever be able to generate revenue through the sale of ~~Hydronidone~~ **F351** , even if approved. If ~~Catalyst is~~ **we are** not successful in commercializing ~~Hydronidone~~ **F351** , or ~~is~~ **are** significantly delayed in doing so, **our** ~~Catalyst' s~~ business will be materially harmed. ~~Catalyst~~ **If we experience delays or difficulties in the commencement of clinical trials or patient enrollment in clinical trials,** ~~or~~ **our** ~~its~~ **regulatory approvals could be delayed or prevented. We or our** collaborators may not be able to initiate or continue clinical trials for ~~its~~ **our** product candidates if ~~Catalyst is~~ **we are** unable to locate, enroll and maintain enrollment of a sufficient number of eligible patients to participate in these trials as required by the **NMPA,** FDA or similar regulatory authorities outside **the PRC or** the United States. Furthermore, there are inherent difficulties in enrolling NASH patients, which can currently only be definitively diagnosed through a liver biopsy. Specifically, identifying patients most likely to meet NASH enrollment criteria on biopsy is an on- going challenge, with existing clinical indicators lacking both sensitivity and specificity. As a result, NASH trials often suffer from high levels of screen failure following central review of the baseline liver biopsy, which can lead to lower enrollment. As a result of such difficulties and the significant competition for recruiting NASH patients in clinical trials, ~~Catalyst~~ **we or** ~~or~~ **our** ~~its~~ future collaborators may be unable to enroll the patients ~~Catalyst~~ **we** ~~needs~~ **need** to complete clinical trials on a timely basis, or at all. In addition, **our** ~~Catalyst' s~~ competitors, some of whom have significantly greater resources than ~~Catalyst does~~ **we do** , are conducting clinical trials for the same indications and seek to enroll patients in their studies that may otherwise be eligible for **our** ~~Catalyst' s~~ clinical studies or trials. Since the number of qualified clinical investigators is limited, ~~Catalyst~~ **we** ~~expects~~ **expect** to conduct some of ~~its~~ **our** clinical trials at the same clinical trial sites that some of **our** ~~Catalyst' s~~ competitors use, which could further reduce the number of patients who are available for **our** ~~Catalyst' s~~ clinical trials in these sites. The availability of other approved products and other products in clinical trials have and may limit the number of patients willing to participate in **our** ~~Catalyst' s~~ clinical trials. Patient enrollment is affected by other factors including: • the severity of the disease under investigation; • the eligibility criteria for the study in question; • the perceived risks and benefits of the product candidate under study; • the efforts to facilitate timely enrollment in clinical trials; • clinical trials of other product candidates in the same indication; • laboratory testing and turnaround time for samples needed for eligibility assessments; • the patient referral practices of physicians; • the ability to monitor patients adequately during and after treatment; and • the proximity and availability of clinical trial sites for prospective patients. **Our** ~~Catalyst' s~~ inability to enroll a sufficient number of patients for ~~its~~ **our** clinical trials will result in significant delays and could require ~~Catalyst~~ **us** to abandon one or more clinical trials altogether. Enrollment delays in clinical trials conducted by ~~Catalyst~~ **us** may also result in increased development costs for ~~its~~ **our** product candidates, which would cause the value of ~~Catalyst~~ **the Company** to decline and limit ~~its~~ **our** ability to obtain additional financing. **Our substantial investment in research and development in order to develop our product, ETUARY, and other product candidates, and to enhance our technologies may ultimately fail to materialize. The global pharmaceutical market is constantly evolving, and we must keep pace with new technologies and methodologies to maintain our competitive position. Our future success partially depends on our ability to launch new products that meet evolving market demands, in particular, new drugs, that are effective in treating new diseases and illnesses. However, there can be no assurance that we will be able to respond to emerging or evolving trends by improving our product portfolio in a timely manner, or at all. For the years ended December 31, 2023 and 2022, we incurred substantial expenditure related to the research and development of our product, ETUARY, and other product candidates, and we expect to continue to**

invest significant amounts of human and capital resources to develop our product and product candidates while enhancing our technologies that will allow us to advance our pipeline products. We also intend to continue to strengthen our technical capabilities in drug discovery, development, and manufacturing, which are capital and time intensive. However, there can be no assurance that we will be able to develop, improve or adapt to new technologies and methodologies, successfully identify new technological opportunities, or develop and bring new or enhanced products to market. Our commercialized product, ETUARY, which is approved in the PRC, and any other future product, if approved, may be excluded or removed from national, provincial or other government- sponsored medical insurance programs. Under medical insurance programs in the PRC, patients are entitled to reimbursement of all or a portion of the cost of pharmaceutical products listed in the NRDL, the relevant provincial reimbursement drug lists, or other medical insurance reimbursement lists. However, such inclusion is based on a variety of factors, including clinical needs, use frequency, efficacy, safety and price, which may be outside of our control. Moreover, the relevant PRC government authorities may, from time to time, review and revise, or change the scope of reimbursement for, the products that are included in the medical insurance reimbursement lists. While our product ETUARY, which is approved in the PRC, has been included in the NRDL as a Category B drug for its IPF indication since 2017, there can be no assurance that it will remain so listed, or unimpacted negatively by changes in the scope of reimbursement. To the extent that our future approved product candidates are not included in any medical insurance reimbursement list, or if any such insurance schemes are changed or canceled, which results in the removal of such product candidates from the relevant medical insurance reimbursement lists, patients may choose, and hospitals, pharmacies and other medical institutions may recommend, alternative treatment methods, which may reduce demand for our product, ETUARY, and future products, if approved, and adversely impact our sales. We may face pressure to lower the prices of our commercialized product, ETUARY, which is approved in the PRC, and any other future product, if approved, in order for such products to qualify for medical insurance reimbursement or due to market competition. We may face pressure to lower the prices of our commercialized product, ETUARY, which is approved in the PRC, and any other future product, if approved, in order to have such product candidates included in the medical insurance reimbursement lists, while such low price and reimbursement may not necessarily lead to increased sales. It is difficult to estimate the net effect of decreased prices and the potential of increased sales on our profitability, and our profits from the sales of our future products may decrease if we significantly lower prices without a greater increase in sales. In addition, it is typical that the prices of pharmaceutical products will decline over the life of the product as a result of, among other things, increased competition from substitute products, the tender process by the hospitals or the government authorities, pricing policies of the relevant government authorities, or voluntary price adjustments by pharmaceutical companies. Any strategic downward price adjustments of our existing or future approved products due to market competition could have a materially adverse effect on our business and results of operations. Moreover, our marketed ETUARY is subject to the risk of being included in the PRC' s centralized volume- based procurement scheme. For details, see " — In the future, the policies of centralized volume- based procurement set by the PRC government may cover our commercialized product, ETUARY, and any other future products, if approved, and the prices of such product may decrease, which in turn may have a material adverse impact on our revenue, financial condition and results of operation " in this Risk Factors section. We may fail to win bids to sell our commercialized product, ETUARY, and any other future products, if approved, to PRC public hospitals through the centralized tender process. Because a considerable portion of pharmaceutical products we sell to our distributors are sold to public hospitals and other medical institutions in the PRC, we must submit bids in a centralized tender process to supply our commercialized product, ETUARY, and any other future products, if approved, to these institutions at specified prices. Each public medical institution in the PRC must generally procure drugs through a provincial centralized drug purchase platform and make substantially all of its purchases of pharmaceutical products through a centralized tender process. Our bids submitted in the centralized tender process are generally considered on the basis of price relative to substitute products and the clinical effectiveness of such substitute products, as well as the quality of our product and services, among other things. As a result, our sales volumes and profitability of ETUARY depend on our ability to successfully differentiate our product and price our bids in a manner that enables us to succeed in the centralized tender process at profitable levels. However, we may fail to win bids in a centralized tender process due to various factors, including reduced demand for the relevant product, noncompetitive bidding price, failure to meet certain quality requirements, or the relevant products being perceived to be less clinically effective than competing products. If our commercialized product, ETUARY, and any other future products, if approved, are not selected in the centralized tender process in one or more regions, our sales of the relevant product to the public hospitals in those regions may encounter difficulties, and our market share, revenues and profitability could be adversely affected. In the future, the policies of centralized volume- based procurement set by the PRC government may cover our commercialized product, ETUARY, and any other future products, if approved, and the prices of such product may decrease, which in turn may have a material adverse impact on our revenue, financial condition and results of operation. PRC government authorities have implemented policies that aim to further increase the affordability of pharmaceutical products, including the centralized volume- based drug procurement system. For further details, see " Business — Product Pricing — Centralized Tender Process and Centralized Volume- based Procurement System " and " Business — Regulatory Requirements in the PRC — Other PRC Regulations in Relation to the Pharmaceutical Industry — Centralized Drug Procurement and Use " in this Annual Report. Future procurement by the PRC government is expected to include drugs listed in the NRDL that have great market demand and high purchase price, and such future procurement is expected to gradually cover all types of domestically marketed drugs in the PRC necessary for clinical use and of reliable quality to the extent possible. As a result, all appropriate drugs may be

procured thereunder in the PRC. Appropriate procurement methods for " orphan drugs " and drugs in shortage may be actively explored to ensure stable supply. Our marketed product, ETUARY, is currently not subject to the centralized volume- based procurement process. However, it is uncertain whether the centralized volume- based procurement scope would be expanded in the future and result in the inclusion of our product ETUARY, which is approved in the PRC, or other product candidates if commercialized, which may cause their retail prices to decrease. Moreover, if any products comparable or similar to our product, generic drugs or product candidates if commercialized are included in the centralized volume- based procurement, patients' willingness to use such products may be materially and adversely affected and we may need to change our pricing strategy. If any or all of the foregoing were to occur, our sales revenue may decrease, which in turn would have a material adverse impact on our financial condition, profitability and results of operation. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products, since the market opportunities for our product candidates may be smaller than we anticipate. Similarly, the actual market size of our product ETUARY, which is approved in the PRC, may not be as large as we anticipate. The total addressable market opportunity will depend on, among other things, acceptance of the product by the medical community and patient access, product pricing and reimbursement. Moreover, the number of patients in the addressable markets may be lower than expected, patients may not be amenable to treatment with our product, or new patients may become increasingly difficult to identify or access. Further, new studies may change the estimated incidence or prevalence of the diseases that our product candidates target. Any of the above unfavorable developments could have a material adverse effect on our business, financial condition and results of operations. In particular, if the existing and newly identified cases of IPF patients in the PRC are fewer than we expect, our growth and financial position may be negatively impacted until and if the expanded indications of ETUARY and our other product candidates such as F351 are approved and become profitable. According to Frost & Sullivan, the prevalence of IPF in the PRC has increased from 83, 002 patients in 2017 to 131, 654 patients in 2022, and is expected to increase to 214, 664 patients by 2027 and 320, 677 patients by 2031. Notwithstanding the short term increase in the prevalence of IPF, with strengthening of the public health system as well as medical and technological advancement in the PRC, the potential risks that cause IPF may be lowered or eliminated in the future which in turn may lead to corresponding decrease in the prevalence of IPF in the PRC. The shrinking prevalence of IPF in the PRC, as a result, may have a negative impact on the market size of ETUARY. We may be unable to conduct effective academic marketing. Effective marketing and successful sales are crucial for us to increase the market penetration of ETUARY in the PRC, expand our coverage of hospitals, pharmacies and other medical institutions and promote new products, if any, in the future. In particular, we place a strong emphasis on academic marketing, through which we promote ETUARY to medical professionals, hospitals, pharmacies and other medical institutions. While our sales and marketing force actively works with medical professionals, hospitals, pharmacies and other medical institutions and we endeavor to inform them of the distinctive characteristics, advantages, safety and efficacy of ETUARY as compared to our competitors' products, we may not be able to successfully enhance our product awareness. We may fail to maintain a qualified sales and marketing force. In order to successfully market and sell our commercialized product, ETUARY, which is approved in the PRC, and any other future products, if approved, our sales and marketing teams are expected to possess a relatively high level of 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 abilities. However, there can be no assurance that there will be a sufficient amount of competent sales professionals with the relevant rare disease knowledge and / or academic KOLs or doctor networks available for hire. As a result, if we are unable to effectively train our in- house sales representatives or monitor and evaluate their academic marketing performances, our sales and marketing may be less successful than desired. Moreover, our ability to attract, motivate and retain a sufficient number of qualified sales professionals is especially important because we primarily rely on our in- house sales force to market our product. As competition for experienced marketing, promotion and sales personnel is intense, we may be unable to attract, motivate and retain a sufficient number of marketing, promotion and sales professionals. If we fail to maintain a qualified sales and marketing force, sales volume of our commercialized product, ETUARY, and any other future products, if approved, may be adversely affected and we may be unable to expand our coverage of hospitals, pharmacies and other medical institutions or increase our market penetration. We may fail to maintain or expand an effective distribution network for our commercialized product, ETUARY, which is approved in the PRC, and any other future products, if approved, or further expand our distribution channel. As we primarily rely on our network of distributors to distribute commercialized product, ETUARY, in the PRC, and intend to continue engaging distributors to sell our commercialized product, ETUARY, and any other future products, if approved, in the foreseeable future, our ability to maintain and grow our business depends on our ability to maintain and manage a sufficient number of distributors with an extensive sales network, which we could fail to achieve for several reasons. Our distributors may be unable to maintain or expand their sales network, or may encounter difficulties in selling our commercialized product, ETUARY, and any other future products, if approved. Our distributors might elect not to renew their agreements with us or otherwise terminate their business relationships with us for various reasons, such as price controls or other factors that substantially reduce the margins they can obtain through the resale of our commercialized product, ETUARY, and any other future products, if approved. Further, we may fail to find an appropriate group of distributors suitable for our commercialized product, ETUARY, and any other future products, if approved, or the costs of doing so may become prohibitively high. Any disruption to our distribution network, including our failure to maintain relationships, form new relationships or renew our existing distribution agreements, could negatively affect our ability to sell our commercialized product, ETUARY, and any other future products, if approved, and may materially and adversely affect our business,

results of operations, financial condition and prospects. We may fail to sufficiently and promptly respond to clinical demand and market changes in the pharmaceutical industry. Clinical demand and market conditions for pharmaceutical products may change rapidly and significantly, and our success in part depends on our ability to anticipate product offering lead- times and demand, identify customer preferences and adapt our products to these preferences. We may need to adjust our research and development plan, production scale and schedule, product portfolio and inventory levels based on customer demand, sales trends and other market conditions. However, there can be no assurance that we will be able to sufficiently and promptly respond to changes in clinical demand and purchasing patterns in a timely manner or at all. Geopolitical events and global economic conditions, **such as** public health crises ~~such as COVID- 19~~ , ~~and~~ the conflict between Russia and Ukraine **and the Israel- Hamas war** may impact **our** ~~Catalyst' s~~ third- party supply of the raw materials and components needed for ~~its~~ **our product, ETUARY, and** product candidates **, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** , which increases the risk that ~~Catalyst~~ **we** will not have sufficient quantities of such product **, generic drugs or product** candidates or ~~products or~~ **will not have** such quantities at an acceptable cost, which **will** delay, prevent or impair ~~its~~ **our commercialization, marketing or** development efforts **, as applicable** . If supplies of the raw materials for ~~its~~ **our product, ETUARY, or** product candidates **, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC,** are significantly delayed, or if the third parties that ~~Catalyst~~ **we** ~~engages~~ **engage** to supply any materials or to manufacture any products for ~~its~~ **our** preclinical tests and clinical trials should cease to continue to do so for any reason, including due to the effects of global economic conditions, including inflation and rising interest rates, public health crises ~~such as the COVID- 19 pandemic~~ , ~~and~~ the conflict between Russia and Ukraine **and the Hamas- Israel war** , ~~Catalyst~~ **we** likely would experience delays in advancing these tests and trials while ~~Catalyst~~ **we** ~~identifies~~ **identify** and ~~qualifies~~ **qualify** replacement suppliers or manufacturers and ~~Catalyst~~ **we** may be unable to obtain replacement supplies on terms that are favorable to ~~Catalyst~~ **us** . In addition, if ~~Catalyst is~~ **we are** not able to obtain adequate supplies of ~~its~~ **our product, generic drugs or** product candidates or the substances used to manufacture them, it will be more difficult for ~~Catalyst~~ **us** to **commercialize, market or** develop ~~its~~ **our product, generic drugs or** product candidates **, as applicable,** and compete effectively. **Our** ~~Catalyst' s~~ current and anticipated dependence upon third- party suppliers may adversely affect ~~its~~ **our** ability to develop **our product, generic drugs, and** product candidates and could delay ~~its~~ **our** clinical trials and development programs **as well as marketing and commercialization efforts** , and otherwise harm ~~its~~ **our** operations and financial condition and increase ~~its~~ **our** costs and expenses. **See " —** Risks Related to **Our Reliance on Third Parties — Because we rely on a limited number of suppliers for certain of our raw materials, we may experience supply interruptions that could harm our ability to manufacture products. " For details regarding the risks related to the relations between the PRC and the United States, see " — Risks Related to Our Business Operations in the PRC — Changes in the political and economic policies of the PRC government or relations between the PRC and the United States may affect our business, financial condition and results of operations. " Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses. Our operations, and those of our distributors, suppliers, research institution collaborators and other business partners, could be subject to natural or man- made disasters, health epidemics or business interruptions, for which we are predominantly self- insured. Damage or extended periods of interruption to our and our partners' administration, development, research, manufacturing or storage facilities due to fire, natural disaster, health epidemic, power loss, communications failure, unauthorized entry or other events could cause us to cease or delay development or commercialization of some or all of ETUARY, our generic products or product candidates, seriously harm our and our partners' operations and financial condition and increase our and our partners' costs and expenses. We have limited insurance coverage, and any claims beyond our insurance coverage may result in substantial costs and a diversion of resources. We operate in the pharmaceutical industry, which involves numerous operating risks and occupational hazards. The insurance policies we maintain are required under the applicable laws and regulations as well as based on our assessment of our operational needs and industry practice. However, there can be no assurance that the existing insurance coverage is sufficient to compensate for actual losses suffered or incurred. In addition, there are certain types of losses, such as losses from war, acts of terrorism, health or public security hazards, earthquakes, typhoons, flooding and other natural disasters, for which we cannot obtain insurance at a reasonable cost or at all. If an uninsured loss or a loss in excess of insured limits were to occur, our business, results of operations and financial condition may be materially and adversely affected. For details of the specific risks of inadequate insurance coverage in the event of product liability claims and environmental liabilities, see " — We may be subject to product liability claims that could expose us to costs and liabilities " and " — If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could harm our business, " respectively, in this section. Risks Related to** the Discovery, Development and Commercialization of **Our** ~~Catalyst' s~~ Product Candidates **We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.** Because ~~Catalyst has~~ **we have** limited financial and management resources, ~~Catalyst~~ **we** must focus on development programs and product candidates that ~~Catalyst~~ **we** ~~identifies~~ **identify** for specific indications. As ~~such, Catalyst is currently primarily focused on the development of Hydronidone. As~~ a result, ~~Catalyst~~ **we** may forego or delay pursuit of opportunities with other product candidates or for other indications for these product candidates that later prove to have greater commercial potential. **Our** ~~Catalyst' s~~ resource allocation decisions may cause ~~Catalyst~~ **us** to fail to capitalize on viable commercial products or profitable market opportunities. **Our** ~~Catalyst' s~~ spending on current and future development programs and product candidates for specific indications may not yield any commercially viable products. If ~~Catalyst does~~ **we do** not accurately evaluate the commercial potential or target market for a particular product

candidate, ~~Catalyst~~ **we** may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for ~~Catalyst~~ **us** to retain sole development and commercialization rights to such product candidate. ~~Catalyst~~ **We** may ~~not~~ be **unable** ~~successful in its efforts~~ to ~~build a~~ **identify, discover, or develop new product candidates, or to identify additional therapeutic opportunities for our product candidates, in order to expand or maintain our product** pipeline ~~of additional product candidates~~. ~~Catalyst~~ **We** may not be able to continue to identify and develop new product candidates ~~in addition~~ to ~~its~~ **enrich our** current pipeline. **Research programs to pursue the development of our product candidates for additional indications and to identify new product candidates and product targets require substantial technical, financial and human resources.** Even if ~~Catalyst is~~ **we are** successful in continuing to build ~~its~~ **our** pipeline, the potential product candidates that ~~Catalyst~~ **we** ~~identifies~~ **identify** may not be suitable for clinical development. For example, product candidates may be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be successfully developed, much less receive marketing approval and achieve market acceptance. If ~~Catalyst does~~ **we do** not successfully develop and commercialize product candidates based upon ~~its~~ **our** approach, ~~Catalyst~~ **we** will **materially and adversely affect our** ~~not be able to obtain product revenue in~~ future ~~periods~~ **growth and prospects** , which likely would result in significant harm to ~~its~~ **our** financial position and adversely affect ~~its~~ **our** stock price ~~. Clinical drug development involves a lengthy and expensive process with an uncertain outcome~~. Results from preclinical or early **stage clinical trials, including the results of our preclinical testing and early clinical trials of ETUARY, F351 and F573, may not be confirmed in later trials or be predictive of the success of later clinical trials. The outcome of preclinical studies and early clinical trials may not be predictive of the success of later** - stage clinical trials ~~, including the results of BC' s preclinical testing and early clinical trials of Hydronidone, may not be confirmed in later trials or be predictive of the success of later clinical trials, including the results of Hydronidone' s later clinical trials. The outcome of preclinical studies and early clinical trials may not be predictive of the success of late- stage clinical trials~~ . Trials of **our** ~~Catalyst' s~~ product candidates in larger numbers of patients may not have similar efficacy results and could result in adverse effects that were not observed in the earlier trials with smaller numbers of patients. ~~Catalyst~~ **We** will be required to demonstrate substantial evidence through well- controlled clinical trials that **our product candidates are** ~~Catalyst' s Hydronidone is~~ safe and effective before ~~Catalyst~~ **we** can seek marketing approvals for **their** ~~Hydronidone' s~~ commercial sale. Demonstrations of efficacy or an acceptable safety profile in **our** ~~BC' s~~ prior preclinical studies does not mean that future clinical trials will yield the same results. For instance, ~~Catalyst does~~ **while ETUARY is approved in the PRC for the treatment of IPF, it may not be approved for the treatment of other indications, such as SSc- ILD, DM- ILD, pneumoconiosis or DKD, or in other markets. In addition, we do** not know whether ~~Hydronidone~~ **F351** will perform in future clinical trials as ~~Hydronidone~~ **F351** has performed in preclinical studies and early clinical trials conducted by ~~BC~~ **us in the PRC** , and, despite ~~Hydronidone~~ **F351** ' s ~~phase~~ **Phase** 1 trial in the United States **showing promising evidence of** ~~demonstrating a favorable safety profile,~~ tolerability and PK and **our** ~~BC' s phase~~ **Phase** 2 clinical trial in the PRC demonstrating ~~promising efficacy~~ results in the reversal of ~~HBV~~ **CHB** - associated fibrosis, to date, there is no effective clinical therapy for liver fibrosis, and no specific therapeutic ~~drugs~~ **products** have been approved worldwide. **We also do not know whether F573 will perform in its Phase 2 clinical trial for ALF / ACLF as it has performed in its Phase 1 clinical observation of tolerability and PK.** Product candidates, including ~~Hydronidone~~ **ETUARY, F351 and F573** , may fail to demonstrate in later- stage clinical trials sufficient safety and efficacy to the satisfaction of the **NMPA,** FDA and other comparable foreign regulatory authorities despite having progressed through preclinical studies and earlier stage clinical trials. Regulatory authorities may also limit the scope of later- stage trials until ~~Catalyst has~~ **we have** demonstrated satisfactory safety or efficacy results in earlier- stage trials. In particular, **although ETUARY is approved** in ~~late~~ **the PRC for the treatment of IPF, it may not perform in the Phase 3 clinical trials for the treatment of SSc- ILD and DM- ILD, Phase 3 clinical trial for the treatment of pneumoconiosis, or Phase 1 clinical trial of ETUARY for the DKD Program. In addition, we are actively preparing an IND application that we expect to file by the end of** ~~2023~~ **2024 for a Phase 2 clinical trial to evaluate F351 for the treatment of advanced liver fibrosis associated with noncirrhotic NASH. Following IND clearance** , we plan to initiate a Phase 2a **,** PoC clinical trial **in 2025 in the United States** to evaluate the safety, tolerability, PK, and **PD** ~~initial efficacy~~ of ~~Hydronidone in~~ **F351 for** patients with advanced liver fibrosis associated with noncirrhotic NASH. The FDA has reviewed the planned Phase 2a trial of ~~Hydronidone~~ **F351 in the United States** and provided **comments** ~~clear guidance~~ on the design ~~and ,~~ trial assessment ~~as well as requirements for~~ **, and the contents of** the IND filing. If ~~Catalyst~~ **we** ~~observes~~ **observe** positive trends in the Phase 2a trial of ~~Hydronidone~~ **F351** , ~~it we expects~~ **expect** to initiate a larger Phase 2 trial in ~~Hydronidone~~ **F351** . Although data from liver fibrosis associated with ~~chronic hepatitis B (" CHB ")~~ patients in **our** ~~BC' s phase~~ **Phase** 2 clinical trial in the PRC demonstrated ~~Hydronidone~~ **F351** has the potential to improve liver fibrosis, the efficacy of **F351** ~~the Hydronidone~~ in prior preclinical studies in a NASH model does not mean that future clinical trials will yield the same results. **In addition to the pre- IND guidance provided, at the time of review of the IND application, the NMPA, FDA or other comparable foreign regulatory authorities may require additional investigations (nonclinical) and analyses (both nonclinical and clinical, including the analysis of the supportive clinical trials conducted in the PRC) before it accepts the IND file to ensure that there is sufficient and adequate information on the risks to human subjects. Such additional requests may delay the timelines for the IND filing and initiation of the planned Phase 2a trial in NASH- associated liver fibrosis. Furthermore, if the NMPA or FDA believes that additional data is necessary to supplement our clinical study data and Phase 2a clinical trial data, then the NMPA or the FDA may require us to conduct additional trials before expanding into a broader Phase 2 clinical trial.** There is no guarantee that the **NMPA,** FDA and other comparable foreign regulatory authorities will consider the data **that is expected to be** obtained in the **planned** Phase ~~2~~ **2a** trial **in the United States** sufficient to allow ~~Catalyst~~ **us** to expand the development of ~~Hydronidone~~ **F351** in a larger Phase 2 or confirmatory Phase 3 clinical trial. ~~Even if Catalyst is able to initiate Catalyst' s planned clinical trials on schedule, there~~ **There** is no guarantee that ~~Catalyst~~ **we** will be able to complete such trials on the timelines ~~Catalyst~~ **we** ~~anticipates~~ **anticipate**

or that such trials will produce positive results. Any limitation on **our** ~~Catalyst' s~~ ability to conduct clinical trials could delay or prevent regulatory approval or limit the size of the patient population to which ~~Catalyst~~ **we** may market **our** ~~Catalyst' s~~ product candidates, if approved. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late- stage NASH clinical trials after achieving positive results in earlier development, and ~~Catalyst~~ **we** may face similar setbacks ~~. The likelihood of obtaining regulatory approval can only be determined from data obtained in clinical trials and the totality of evidence on the efficacy and safety of a product~~ . Many companies that believed their product candidates performed satisfactorily in preclinical studies and early clinical trials have nonetheless failed to obtain marketing approval for the product candidates. Even if ~~Catalyst~~ **we** ~~believes~~ **believe** that the results of clinical trials for ~~its~~ **our** product candidates warrant marketing approval, the **NMPA,** FDA or comparable foreign regulatory authorities may disagree and may not grant marketing approval of ~~its~~ **our** product candidates ~~without conducting additional studies~~ . In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the dosing regimen and other clinical trial protocols and the rate of dropout among clinical trial participants. Any ~~phase~~ **Phase** 2, ~~phase~~ **Phase** 3 or other clinical trials that ~~Catalyst~~ **we** may conduct may not demonstrate the efficacy and safety necessary to obtain regulatory approval to market ~~its~~ **our** product candidates. Preliminary, " top- line " or interim data from **our** ~~Catalyst' s~~ clinical trials that ~~it~~ **we** ~~announces~~ **announce** or ~~publishes~~ **publish** from time to time may change as more patient data become available and are subject to audit and verification procedures. **We have publicly disclosed and** ~~From time to time, Catalyst~~ may **in the future** publicly disclose preliminary or top- line data from ~~its~~ **our** clinical trials, which are based on a preliminary analysis of then- available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data. ~~Catalyst~~ **We** also ~~makes~~ **make** assumptions, estimations, calculations and conclusions as part of ~~its~~ **our** analyses of these data without the opportunity to fully and carefully evaluate complete data. As a result, the preliminary or top- line results that ~~Catalyst~~ **we** ~~reports~~ **report** may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated or subsequently made subject to audit and verification procedures. Any preliminary or top- line data should be viewed with caution until the final data are available. From time to time, ~~Catalyst may~~ **we have** also **disclosed and may in the future** disclose interim data from **our** ~~Catalyst' s~~ preclinical studies and clinical trials. Interim data are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from **our** ~~Catalyst' s~~ clinical trials continue other treatments. Further, others, including regulatory agencies, may not accept or agree with **our** ~~Catalyst' s~~ assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the **likelihood of** ~~approvability~~ ----- **approval** or commercialization of the particular product candidate and **our** ~~Catalyst' s~~ company in general. In addition, ~~the~~ **from time to time we may disclose top line or summary** information ~~Catalyst chooses to publicly disclose~~ regarding a particular preclinical study or clinical trial **. Such summary information** is **necessarily** based on ~~what is typically~~ **more fulsome and** extensive information, and ~~you~~ **investors** or ~~others~~ **regulators** may not agree with what ~~Catalyst~~ **we** ~~determines~~ **determine** is material or otherwise **determine is** appropriate information to include in **our** ~~Catalyst' s~~ disclosure. If the preliminary, top- line or interim data that ~~Catalyst~~ **we** ~~reports~~ **report** differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, **our** ~~Catalyst' s~~ ability to obtain approval for, and commercialize, **our** ~~Catalyst' s~~ product candidates may be harmed, which could harm **our** ~~Catalyst' s~~ business, operating results, prospects or financial condition. A variety of risks associated with marketing **our** ~~Catalyst' s~~ product candidates internationally may materially adversely affect **our** ~~Catalyst' s~~ business. ~~Catalyst~~ **We** may also ~~plan to eventually~~ seek regulatory approval of ~~Catalyst' s Hydronidone~~ **our product candidates, including ETUARY for future indications in the PRC, F573 in the PRC, and F351 in the PRC and in additional markets beyond the PRC,** outside of the **PRC and** United States and, accordingly, ~~Catalyst~~ **we** ~~expects~~ **expect** that ~~it~~ **we** will be subject to additional risks related to operating in foreign countries if ~~Catalyst~~ **we** ~~obtains~~ **obtain** the necessary approvals, including differing regulatory requirements in foreign countries. Risks associated with international operations may materially adversely affect **our** ~~Catalyst' s~~ business, financial condition and results of operations. **Our product, ETUARY, which is approved in the PRC, and product candidates, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC, may cause or be perceived to cause significant adverse events, toxicities or other undesirable side effects that may result in a safety profile that could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, marketing approval or market acceptance, limit their commercial potential and profile of an approved label, adversely affect our reputation and results of operations or result in significant negative consequences following any regulatory approval.** If **our** ~~Catalyst' s~~ product candidates, including ~~Hydronidone~~ **ETUARY, F351, F573, F528 and F230** , are associated with undesirable side effects or have unexpected characteristics in preclinical studies or clinical trials when used alone or in combination with other approved products or INDs, ~~Catalyst~~ **we** may need to interrupt, delay or abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk- benefit perspective. Treatment- related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. **Many times, side effects are only detectable after investigational product candidates are tested in large- scale, Phase 3 trials or, in some cases, after they are made available to patients on a commercial scale after approval. If additional clinical experience indicates that any of our current product candidates and any future product candidates has serious or life- threatening side effects or other side effects that outweigh the potential therapeutic benefit, the development of the product candidate may fail or be delayed, or, if the product candidate has received marketing approval, such approval may be revoked, which would harm our business, prospects, operating results and financial condition.** Any **adverse** ~~of~~

~~these occurrences may prevent --~~ **events** ~~Catalyst~~ **or serious adverse events reported in our clinical trials caused by our product candidates could give rise to significant negative consequences. Such consequences may include: • regulatory authorities may order us to cease further development of, or deny approval of, our product candidates for any or all targeted indications; • regulatory authorities may seek an injunction against our product candidates manufacture or distribution; • regulatory authorities may withdraw approvals or revoke licenses of an approved product candidate, or we may determine to do so even if not required; • regulatory authorities may require additional warnings on the label, including " boxed " warnings, of an approved product candidate or impose other limitations on an approved product candidate; • regulatory authorities may issue safety alerts, require press releases or other communications containing warnings or other safety information about the product; • regulatory authorities may require us to change the way such product is administered; • we may be required to develop a REMS for the product candidate, which could include a medication guide outlining the risks of such side effects for distribution to patients, or to incorporate additional requirements under REMS; • we may be required to conduct additional clinical trials or post- market studies; • we could be subject to litigation proceedings and held liable for harm caused to patients; • we could be found in breach of contract with our major customers; • patient enrollment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post- treatment follow- up at a higher rate than anticipated; • our commercialized products could be removed** from **medical insurance reimbursement lists or be rendered unable to participate in the centralized tender process in the PRC; • regulatory authorities may impose fines, injunctions or criminal penalties; • we may fail to** ~~achieving~~ **achieve** or ~~maintaining --~~ **maintain** market acceptance of ~~the affected~~ **a particular** product candidate ~~and~~ **, if approved, which** may ~~adversely~~ **cause serious harm to our business; and • our reputation may suffer. Undesirable or unintended side** ~~affect~~ **effects** ~~Catalyst~~ **may be a result of a number of factors that are outside of our control, including potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by our quality management system, and misuse of our products by end- users. Further, our product, generic drugs and future products, if approved, may be perceived to cause severe side effects if other pharmaceutical companies** ' ~~s business~~ **products containing the same or similar active pharmaceutical ingredients** , ~~financial condition~~ **raw materials or delivery technologies as our product, generic drugs** and ~~prospects significantly~~ **future products, if approved, cause or are perceived to have caused severe side effects, or if regulators or international institutions determine that products containing the same or similar pharmaceutical ingredients as our product, generic drugs and future products, if approved, cause severe side effects. Our product, generic drugs and future products, if approved, may also be perceived to cause severe side effects when a conclusive determination as to the cause of the severe side effects is not obtained or is unobtainable** . In general, the anticipated clinical trials of ~~Hydronidone~~ **F351** will include patients with advanced liver fibrosis who are at risk of further progression to cirrhosis and deterioration, but are not critically ill. A certain percentage of patients with HBV- induced liver fibrosis treated with ~~Hydronidone~~ **F351** have experienced adverse events, including gastrointestinal diseases, ear and labyrinth diseases, systemic diseases, metabolic and nutritional diseases, skin and subcutaneous tissue diseases, heart organ diseases, and hepatobiliary system diseases. However, the risk / benefit of ~~Hydronidone~~ **F351** in NASH may differ from that shown in HBV liver fibrosis patients and there is always a risk that the severity and frequency of the adverse events may worsen. See the section ~~titled~~ **entitled** " ~~—~~ Business ~~— Hydronidone —~~ **F351** Overview. " ~~Adverse events~~ **In addition, the patient populations treated with** ~~or~~ **our** ~~deaths~~ **product candidates** in **our various Phase 3** clinical trials ~~involving Catalyst~~ **have serious diseases that make them susceptible to significant health risks. Therefore, these patients may experience adverse events, including serious adverse events. In conducting drug research and development, we face potential liabilities; in particular, product liability claims or lawsuits that could cause us to incur substantial liabilities. We face an inherent risk of product liability as a result of clinical trials if our product candidates cause, or are perceived to cause, injury, or are found to be otherwise unsuitable during clinical testing. Regardless of the merits or eventual outcome, such liability claims may, among others, result in: • decreased demand for our product candidates after commercialization; • injury to our reputation; • withdrawal of clinical trial participants and inability to continue clinical trials; • initiation of investigations by regulators; • costs to defend the related litigation; • a diversion of management** ' s **time and** ~~product candidates, even if not ultimately attributable to Catalyst' s product or~~ **our resources;** ~~product candidates, could result in increased government regulation, unfavorable public perception~~ and **• substantial monetary awards to trial participants** ~~publicity, potential regulatory delays in the testing or licensing of Catalyst' s product candidates, stricter labeling requirements for -~~ **or patients. To cover** ~~those product candidates that are licensed and a decrease in demand for any~~ such **liability claims arising from** ~~product candidates. Additionally, if one or more of Catalyst' s product candidates receives marketing approval and Catalyst or others later identify undesirable side effects or adverse events caused by such products, a number of potentially significant negative consequences could result. For example, regulatory authorities may suspend, limit or withdraw approvals of such product or seek an injunction against its manufacture or distribution, require additional warnings on the label, including " boxed " warnings, or issue safety alerts, require press releases or other communications containing warnings or other safety information about the product, require Catalyst to change the way the product is administered or conduct additional~~ clinical trials **, we have clinical trial insurance** ~~or~~ **for all of our trials, which are necessary for the approval of commercialization of our pipeline products. However, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may also not be able to maintain insurance coverage at a reasonable** ~~post~~ **cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. Adverse drug reactions and negative results from off** ~~- approval studies~~ **label use of our commercialized product** , **ETUARY,** ~~require Catalyst to create a risk evaluation and mitigation strategy (" REMS ") which~~ **is approved in** ~~could include a medication guide outlining the risks of such side effects for distribution to patients, impose fines, injunctions or criminal penalties. Catalyst could also be sued and held liable for harm caused to patients,~~

~~and Catalyst' s reputation may suffer. Any of these~~ -- **the PRC, and any** ~~events could prevent Catalyst from achieving or maintaining market acceptance of the~~ **other** ~~particular~~ **future** ~~product~~ **products** ~~candidate~~ , if approved, ~~and~~ could ~~seriously~~ **materially** harm **our** ~~Catalyst' s~~ business **reputation, product brand name, and financial condition and expose us to liability. Products distributed or sold in the pharmaceutical market may be subject to off- label drug use, and may be prescribed for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. As such, our product, ETUARY, and future products, if approved, may be subject to off- label drug use and may be prescribed to a patient population, or in a dosage or dosage form that has not been approved by competent authorities, which may render our product, generic drugs and future products, if approved, less effective or entirely ineffective and cause adverse drug reactions. Any of these occurrences can create negative publicity and significantly harm our business reputation, product brand name, commercial operations and financial condition, including our share price. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may ultimately result in failure to obtain regulatory approval for our product candidates** . Breakthrough Therapy designation by the FDA for any product candidate may not lead to a faster development or regulatory review or approval process, and it does not increase the likelihood that the product candidate will receive marketing approval. ~~Hydronidone~~ **F351** was **granted** ~~recently designated as~~ a Breakthrough Therapy ~~in~~ **designation by** the PRC **' s NMPA' s CDE in March 2021** and **the patient enrollment for** ~~is~~ **its** ~~currently conducting a~~ Phase 3 clinical trial **was commenced in January 2022. However, F351' s Breakthrough Therapy designation does not increase the likelihood that F351 will ultimately receive approval from the NMPA** ~~for~~ **or other comparable** regulatory **authority** ~~approval by the National Medical Products Administration (" NMPA ") in the PRC~~ . ~~Catalyst~~ **We** may, in the future, apply for Breakthrough Therapy designation in the United States, or the equivalent thereof in other foreign jurisdictions (where available), for ~~its~~ **our** product candidates, depending on robustness of the clinical benefit in clinical trials. ~~A~~ **In the United States,** Breakthrough Therapy is defined as a product candidate that is intended, alone or in combination with one or more other drugs, to treat a serious or life- threatening disease or condition, and preliminary clinical evidence indicates that the product candidate may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Product candidates designated as breakthrough therapies by the FDA are also eligible for priority review if supported by clinical data at the time of the submission of the ~~New Drug Applications (" NDA ")~~ . Designation as a Breakthrough Therapy is within the discretion of the FDA. Accordingly, even if ~~Catalyst~~ **we** ~~believes~~ **believe** that one of ~~its~~ **our** product candidates meets the criteria for designation as a Breakthrough Therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a Breakthrough Therapy designation for a product candidate may not result in a faster development process, review or approval compared to product candidates considered for approval under conventional FDA procedures and it would not assure ultimate approval by the FDA. In addition, even if one or more of ~~its~~ **our** product candidates qualify as breakthrough therapies, the FDA may later decide that the product candidate no longer meets the conditions for qualification or it may decide that the time period for FDA review or approval will not be shortened. Risks ~~Related~~ **Relating** to **Manufacture** ~~Catalyst' s Reliance on Third Parties Catalyst expects to seek to establish additional collaborations,~~ and **Supply** ~~, if Catalyst is not able to establish them on commercially reasonable terms, Catalyst may have to alter its development and commercialization plans. Catalyst' s drug development programs and the potential commercialization~~ of ~~its~~ **Our** ~~product~~ **Product and Product** ~~candidates~~ **Candidates** ~~will require substantial additional cash to fund expenses. Catalyst has previously relied on collaborators, such as Biogen, Pfizer and ISU, to contribute to the development of its product candidates. Catalyst may, in the future, form or seek strategic alliances, create joint ventures or collaborations, or enter into licensing arrangements with third parties that it believes will complement or augment Catalyst' s development and commercialization efforts with respect to Hydronidone and / or Catalyst more broadly. Any of these relationships may require Catalyst to increase its near and long- term expenditures, issue securities that dilute Catalyst' s existing stockholders or disrupt its management and business. Catalyst faces significant competition in seeking appropriate collaborators. Whether Catalyst can reach a definitive agreement with a collaborator will depend, among other things, upon its assessment of the collaborator' s resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator' s evaluation of a number of factors. Those factors may include the design or results of preclinical trials, the likelihood of approval by the FDA or comparable foreign regulatory authorities and the regulatory pathway for any such approval, the potential market for the product candidate, the costs and complexities of manufacturing~~ **Manufacturing pharmaceutical** ~~and delivering the product to patients and the potential of competing~~ products . The collaborator may also consider alternative..... may not be able to negotiate collaborations on a **large commercial scale** ~~timely basis, on acceptable terms, or at all. If Catalyst~~ is ~~unable to do so~~ **highly exacting and complex** , **and we and** ~~Catalyst may have to curtail the development of the product candidate for which Catalyst is seeking to collaborate, reduce or~~ **our** ~~delay its development program or one or more of its other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, and increase its expenditures and undertake development or commercialization activities at its own expense. If Catalyst elects to increase its expenditures to fund development or commercialization activities on its own, Catalyst may need to obtain additional capital, which may not be available to Catalyst on acceptable terms or at all. If Catalyst does not have sufficient funds, Catalyst may not be able to further develop its product candidates or bring them to market and generate product revenue. Catalyst currently has no internal capabilities to manufacture its product candidates for clinical use or for preclinical trials following good manufacturing practices (" GMP "), or good laboratory practices (" GLP "). Catalyst expects to rely on one or more~~ third- party ~~contractors to manufacture~~ **manufacturers may encounter problems during the process. The manufacturing** ~~, package, label and distribute clinical supplies and commercial quantities~~ of ~~any~~ **pharmaceutical** ~~product~~

products ~~candidate that Catalyst commercializes following approval~~ **is highly complex, and problems may arise during manufacturing** for **a variety of reasons** ~~marketing by applicable regulatory authorities. Catalyst also expects to rely on one or more third- party contractors to manufacture its product candidates for use in its clinical trials. Reliance on such third- party contractors entails risks~~, including **, but not limited to** : • **equipment malfunction** ~~the inability to identify and negotiate manufacturing and supply agreements with suitable manufacturers~~ ; • **failure** ~~manufacturing delays if its third- party contractors give greater priority~~ to **follow specific protocols** ~~the supply of other products over its product candidates or otherwise do not satisfactorily perform according to the terms of the agreements between Catalyst~~ and ~~them~~ **procedures** ; • **changes in product specification** ~~the possible termination or nonrenewal of agreements by third- party contractors at a time that is costly or inconvenient for Catalyst~~ ; • **low quality or insufficient supply** ~~the possible breach by the third- party contractors~~ of **raw materials** ~~its agreements with them~~ ; • **delays in** the ~~failure~~ **construction** of ~~third- party contractors~~ **new facilities or the expansion of our existing manufacturing facilities and limits** to ~~comply with applicable~~ **manufacturing capacity due to** regulatory requirements; • **changes** ~~the possible mislabeling of clinical supplies, potentially resulting~~ in the **types of products produced** ~~wrong dose amounts being supplied or active drug or placebo not being properly identified~~ ; • **advances in manufacturing techniques; • physical limitations that may inhibit continuous supply; • man- made or natural damages,** ~~the~~ **other** ~~possibility~~ **disasters and environmental factors; and • shortage** of **qualified personnel or key contractors. Despite our quality control and assurance system and procedures, we may not be able to eliminate such risks, which may delay or suspend our manufacturing activities, and we may not be able to secure temporary, alternative manufacturers for our product, generic drugs or product candidates with the terms, quality and costs acceptable to us, or at all. If we encounter any manufacturing problems, including those listed above, our** clinical ~~supplies~~ **trials and / or the availability of our product, ETUARY, which is approved in the PRC, generic drugs and future products, if approved, for commercial sale may be delayed, and we may spend significant time and costs in order to rectify such problems and maintain production at our manufacturing facilities. Moreover, products with quality issues may have to be discarded, resulting in product shortages or additional expenses. Furthermore, manufacturing methods and formulation are sometimes altered through the development of product candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such changes carry the risk that they will** not ~~being delivered~~ **achieve these intended objectives, and any of these changes could cause the product candidates** to **perform differently and affect the results of planned** clinical ~~sites~~ **trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of product candidates and require bridging studies or the repetition of** ~~on~~ **one** ~~time~~ **or more clinical trials** , ~~leading to~~ **which may result in increases in** clinical trial ~~interruptions~~ **costs** , **delays in product approvals and jeopardize** ~~or~~ **our ability** ~~of drug supplies not being distributed~~ to ~~commercial vendors~~ **commence product sales and generate revenue. We plan to use F351 capsules manufactured by Wuxi Biologics, and may continue to use foreign CROs and CMOs** in **the future. Wuxi Biologics has completed manufacturing one lot of the F351 capsules for our planned Phase 2a clinical trial in the U. S. Foreign CMOs may be subject to U. S. legislation, including the proposed BIOSECURE Act, sanctions, trade restrictions and other foreign regulatory requirements, which could increase the cost or reduce the supply of material available to us, delay the procurement or supply of such material or have an adverse effect on our ability to secure significant commitments from governments to purchase our potential therapies. For example, the biopharmaceutical industry in the PRC is strictly regulated by the Chinese government. Changes to Chinese regulations or government policies affecting biopharmaceutical companies are unpredictable and may have** a **material adverse effect on** ~~timely manner, resulting in lost sales; and • the possible misappropriation of its proprietary information, including its trade secrets and know- how. Catalyst may incur delays in product development resulting from the need to identify or~~ **our** ~~qualify manufacturers for its product candidates~~ **collaborators in the PRC which could have an adverse effect on our business, financial condition, results of operations and prospects** . ~~Catalyst~~ **Evolving changes in the PRC** ' s ~~current~~ **public health, economic, political,** and ~~anticipated future dependence upon~~ **social conditions and the uncertainty around the PRC' s relationship with** ~~others~~ - **other governments, such as the United States and the U. K., could also negatively impact our ability to manufacture our product candidates** for ~~the manufacture of its product candidates may~~ **our planned clinical trials or have an adverse effect on our ability to secure government funding, which could** adversely affect **our financial condition** ~~its future profit margins~~ and ~~its ability~~ **cause us** to **delay our** ~~commercialize any products that receive marketing approval on a timely and competitive basis. Catalyst is subject to many manufacturing risks, any of which could substantially increase its costs and limit supply of its product candidates and any future products. To date, Catalyst' s product candidates have been manufactured by third- party manufacturers solely for preclinical studies and relatively small~~ clinical ~~trials~~ **development programs** . **For more details** ~~The process of manufacturing its complement associated therapeutic product candidates is complex~~ , **see " —** ~~highly regulated and subject to several risks~~ **Risks Related to Our Business Operations** , ~~including: • the manufacturing facilities~~ in ~~which its products are made could be adversely~~ **the PRC — Changes in the political and economic policies of the PRC government or relations between the PRC and the United States may** ~~affected~~ -- **affect our business** ~~by equipment failures, labor and raw material shortages~~ , financial **condition and** ~~difficulties of its contract manufacturers, including as a result~~ **results** of ~~the evolving effects of the COVID- 19 pandemic, natural disasters, power failures, local political unrest and numerous other factors; and • any adverse developments affecting manufacturing~~ operations ~~or the scale up of manufacturing operations for its products may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls or other interruptions in the supply of its product candidates~~ . **" In addition** ~~Catalyst may also have to record inventory write- offs and incur other charges and expenses for product candidates or drug substances that fail to meet specifications~~ , **we** ~~undertake costly remediation efforts or seek costlier manufacturing alternatives. Specifically, Catalyst plans~~ - **plan** to enter into various development, manufacturing and clinical supply services agreements with third- party manufacturers for drug substance and drug product manufacturing of ~~its~~ **our other** product

~~candidate~~ **candidates** ~~Hydronidone~~. If **our** ~~Catalyst's~~ third- party manufacturers are not able to provide sufficient quantities or quality of **our** ~~its of~~ product candidates on a timely basis, or at all, whether due to production shortages or other supply delays or interruptions resulting from **public health crises** ~~the ongoing COVID- 19 pandemic~~ or otherwise, ~~its~~ **our** preclinical trials, clinical trials or regulatory approvals, as applicable, may be delayed. Significant portions of ~~its~~ **our** research and development resources are focused on manufacturing. If any of ~~its~~ **our** third- party manufacturers experiences difficulties in scaling production or experiences product loss due to contamination, equipment failure, improper installation or operation of equipment, vendor or operator error or improper storage conditions, the potential trials of the affected product candidate would be delayed, perhaps substantially, which could materially and adversely affect ~~its~~ **our** business. **We** ~~Catalyst has minimal process development capabilities~~ and ~~has access only to external manufacturing capabilities. Catalyst does not have, and Catalyst does not currently plan to acquire or~~ **our** ~~develop, the facilities or capabilities to manufacture bulk drug substance or filled drug product for use in clinical trials or commercialization. Any delay or interruption in the supply of clinical trial material or preclinical trial material could delay the completion of clinical trials or preclinical trials, increase the costs associated with maintaining such trial programs and, depending upon the period of delay, require Catalyst to commence new clinical trials or preclinical trials at additional expense or terminate the trials completely. Catalyst and its~~ contract manufacturers will be subject to significant regulation with respect to manufacturing ~~its~~ **our** ~~products~~ **product, ETUARY, which is approved in the PRC, and our product candidates**. ~~The~~ **Delays in completing and receiving regulatory approvals for our and our third- party** manufacturing facilities **could delay our development plans or commercialization efforts** ~~on which Catalyst will rely may not continue to meet regulatory requirements and have limited capacity~~. All entities involved in the preparation of therapeutics for clinical studies or commercial sale, including **us and** any contract manufacturers for ~~its~~ **ETUARY and our other** product candidates, are subject to extensive regulation. Components of a finished therapeutic product approved for commercial sale or used in late- stage clinical studies must be manufactured in accordance with GMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. Poor control of production processes can lead to the introduction of adventitious agents or other contaminants, or to inadvertent changes in the properties or stability of ~~its~~ **our product, generic drugs or** product candidates that may not be detectable in final product testing. ~~Catalyst~~ **Our existing and planned manufacturing facilities, as well as** ~~or~~ **our manufacturing process, and our third- party manufacturing facilities and process, will be subject to ongoing, periodic inspection by the NMPA, the FDA or other comparable regulatory agencies to ensure compliance with GMP, which** ~~its~~ **is** ~~contract~~ **usually the prerequisite to obtain marketing approval. Moreover, we and our third- party** manufacturers must **obtain various permits, certificates and other approvals for our manufacturing facilities and other premises from the relevant administrative authorities at various stages of property development, including, planning permits, construction permits, land use rights certificates, environmental assessments, fire control assessments, construction completion inspections and ownership certificates. Failure to comply with applicable regulations could lead to: • increased expense and result in sanctions being imposed on us (including fines, injunctions, civil penalties, requirements to suspend or pause one or more of our clinical trials); • failure to obtain marketing approval of our product candidates; • delays, suspension or withdrawal of approvals;** supply **disruptions; • license revocation; seizures or recalls of product, generic drugs or product candidates; and • operating restrictions and criminal prosecutions, any of which could materially and adversely harm our business. We may experience substantial disruption to our production sites and problems in manufacturing our product, ETUARY, which is approved in the PRC, and future products, if approved. We are dependent on our manufacturing facilities in Beijing, PRC and Cangzhou, PRC. The continued operation of our manufacturing facilities and our production safety may be substantially interrupted due to a number of factors, many of which are outside of our control. These factors may include fire, flood, earthquakes, power outages, fuel shortages, mechanical breakdowns, terrorist attacks and wars, or other natural disasters, as well as loss of licenses, certifications and permits, changes in governmental planning for the land underlying these facilities or their vicinity and regulatory changes. Moreover, the production activities on our manufacturing facilities may be suspended on a temporary basis due to governmental policies or regulations, including that on environmental protection or organizing public events. If the operation of any of our manufacturing facilities is substantially disrupted, we may not be able to replace the equipment or inventories at such facilities, or use different sites or a third- party contractor to continue our production in a legal, timely and cost- effective manner or at** all ~~necessary documentation~~. **Although we maintain property insurance for certain properties, machinery and equipment and other assets owned, operated or deemed important for us,** in **line with industry practice in the PRC, we do not have certain types of insurance, such as business interruption insurance. The amount and nature of our insurance coverage may not be sufficient to cover any substantial losses in the event of a significant disruption to any of our manufacturing facilities. Since September 2021, as a result of the shortage of coal supply combined with high electricity demand from manufacturers, the PRC has experienced widespread power outages. The PRC government has imposed power curbs, including imposing power restrictions on factories in a number of provinces in the PRC to deal with an imbalance in energy supply and demand. As of December 31, 2023, we have not received any notice from relevant government authorities ordering us to temporarily suspend or limit production, and our Beijing and Cangzhou production centers were not subject to any power restrictions. The PRC government imposed power restrictions did not have a material adverse impact on our business operations or financial performance during the years ended December 31, 2023 and 2022. We may not be able to meet the increasing demand for our commercialized product, ETUARY, which is approved in the PRC, and any other future products, if approved, maintain adequate manufacturing capacity or successfully manage our anticipated growth. To produce ETUARY and our increasing number of product candidates, if approved, in the quantities that we believe will be required to meet anticipated market demand, we may need to increase our**

production capacity over the initial level of production by constructing new manufacturing facilities and production lines. However, our ability to successfully implement our expansion plan for increasing production capacities is subject to a number of risks and uncertainties, including, but not limited to, the risk of construction delays and delays in equipment procurement, and our ability to timely recruit sufficient qualified staff to support **the increase in our production capacity. If we are unable to do so, are delayed, face costs that are not economically feasible or cannot find a third- party manufacturer, we may not be able to produce ETUARY and our future approved product candidates, if any, in sufficient quantities to meet future demand. Moreover, our plans to increase our production capacities require significant capital investment and the actual costs** of **our expansion plan may exceed our original estimates, which could adversely affect the return on our expenditure. Furthermore, given the size of our existing and planned manufacturing facilities, we may not be able to fully utilize within a reasonable period of time after we commence operation. During the construction and ramp- up period, there may be significant changes in the macroeconomics of the pharmaceutical industry, including, among other things, market demand, product and supply pricing trends and customer preferences. Any adverse trends in this area could result in operational inefficiency and unused capacity in our facilities. Fluctuations in prices of our raw materials and energy supply, as well as other costs associated with our production processes, may have a material adverse effect on us if we are not able to pass the cost increases on to our customers. In order to manufacture our commercialized product, ETUARY, which is approved in the PRC, and any other future products, if approved, we must obtain sufficient quantities of high- quality raw materials and stable supply of energy and power at commercially acceptable prices and in a timely manner, which exposes us to risks associated with fluctuations in prices of raw materials. The prices of such materials may be affected by a number of factors, including market supply and demand, the PRC, the United States or international environmental and regulatory requirements, natural disasters and the global and local economic conditions. In addition, we may be subject to fluctuations in other costs associated with our production processes, such as costs of waste disposal, which are beyond our control. We may have limited capability to increase our revenue in a timely manner, and a significant increase in such costs may increase our cost of sales and negatively affect our profit margins. Failure to maintain optimal inventory levels could increase our operating costs or lead to unfulfilled customer orders. We are required to maintain optimal inventory levels in order to satisfy demand coming from our distribution network and successfully meet our customers' demand. However, we may not be able to maintain proper inventory levels of our commercialized product, ETUARY, which is approved in the PRC, generic drugs and any other future products, if approved, as a result of rapid changes in product life cycles, changing clinical demands and uncertainty of product developments and launches, as well as the volatile economic environment in the PRC. There can be no assurance that we can accurately predict these trends and events and avoid over- stocking or under- stocking our commercialized product, ETUARY, generic drugs and any other future products, if approved. Further, demand for our commercialized product, ETUARY, generic drugs and any other future products, if approved, could change significantly between the time when the products are ordered and the time they are ready for delivery. Inventory levels in excess of demand may result in inventory write- downs, expiration of our product or** an ~~NDA~~ .The collaborator may also consider alternative ~~products,~~ product candidates or technologies for similar indications that may be available for collaboration and whether such a collaboration could be more attractive than the one with ~~us~~ **Catalyst** .There can also be no assurance that ~~we~~ **Catalyst** will enter into any collaboration agreements,or that any such agreements will be on favorable terms.Collaborations are complex and time consuming to negotiate and document.In addition,there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. ~~We~~ **Catalyst** may not be able to **negotiate collaborations** on a timely basis ~~and must adhere~~ **, on acceptable terms, or at all. If we are unable** to **do so, we may have to curtail** the **development of** ~~FDA' s GLP and GMP regulations enforced by~~ the ~~FDA through~~ **product candidate for which we are seeking to collaborate, reduce or delay** its **development** ~~facilities inspection~~ program **or one or more** ~~. Catalyst' s facilities and quality systems and the facilities and quality systems~~ of ~~some or~~ **our other development programs, delay our potential commercialization or reduce the scope of any sales or marketing activities, and increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at** all ~~its third- party contractors must pass a pre- approval inspection for compliance with the applicable regulations as a condition of regulatory approval of its product candidates. In addition, the regulatory authorities may, at any time, audit or inspect a manufacturing facility involved with the preparation of its product candidates or the associated quality systems for compliance with the regulations applicable to the activities being conducted~~ . If **we** ~~these facilities do not pass a pre- approval plant inspection or~~ do not have **sufficient funds** ~~a GMP compliance status acceptable for the FDA~~ , **we may** ~~FDA approval of the products will~~ not be **able to further develop our product candidates or bring them to market and generate product revenue. Our rights to develop and commercialize some of our product candidates, are subject, in part, to the terms and conditions of licenses** granted **to us by others** . The **success of our collaborations with our partners depends on each party' s performing its respective obligations under the relevant collaboration agreement. Such agreements may impose on us diligence obligations in product development or commercialization, payment obligations when certain development or** regulatory **milestones and** ~~authorities also may, at any time following approval of a product for sale~~ **sales are achieved and other obligations** ~~, audit its manufacturing facilities or those of its third- party contractors~~ . If **we fail** ~~any such inspection or audit identifies a failure~~ to comply with ~~applicable regulations or~~ **our obligations under** ~~if a violation of its product specifications or~~ **our current or future agreements,** ~~applicable regulations occurs independent of such an inspection or~~ **our** ~~audit, Catalyst or~~ **counterparties may have the right to terminate** ~~the~~ **these** ~~relevant regulatory authority~~ **agreements, in which event we** may ~~require remedial measures~~ **not be able to develop, manufacture or market the product candidate** that

~~may be costly and /~~ **is covered under the agreements. Termination of the licenses** or **assignments provided** ~~time- consuming~~ for ~~Catalyst~~ **under these agreements or reduction or elimination of** ~~or~~ **our** ~~a third- party~~ **rights under these agreements may result in us having** to ~~implement~~ **negotiate new or amended agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology. In addition, we may not have the exclusive right to control the preparation, filing, prosecution, maintenance, enforcement** and **defense of patents and patent applications covering the product or product candidates** that **we are licensed** ~~may include the temporary~~ or **assigned from** ~~permanent suspension of a clinical study or commercial sales or the temporary or permanent closure of a facility. Any such remedial measures imposed upon Catalyst or~~ third parties **. In the event that these patents and patent applications are not prepared, filed, prosecuted, maintained, enforced and defended in a manner consistent** with **the best interests of our** ~~whom Catalyst contracts could materially harm its~~ business **, .** ~~If Catalyst or~~ **our rights** ~~any of its third- party manufacturers fails~~ to ~~maintain regulatory compliance, the FDA can impose regulatory sanctions including, among other -~~ **the relevant intellectual property** ~~things, refusal to approve a pending application for a new drug product or biologic product, or revocation of a pre- existing approval. As a result, its business, financial condition and results of operations~~ may be **reduced or eliminated** ~~materially harmed. Additionally~~ , **and our right to develop and commercialize** ~~if supply from one approved manufacturer is interrupted, there~~ -- **the product, generic drugs or product candidates covered under the agreement** could be **adversely affected** ~~a significant disruption in commercial supply~~ . ~~An alternative~~ **Moreover, the third parties on whom we rely with respect to licenses to certain patent rights and other intellectual property rights that are important or necessary to the development,** ~~manufacturer~~ - **manufacture** ~~would need~~ **or commercialization of our product, generic drugs or product candidates may themselves rely on upstream licenses from other third parties. Such sub- licenses may not provide exclusive rights** to **use the covered intellectual property in all relevant fields of use or in all territories in which we may wish to develop or commercialize our product candidates, and add further uncertainties and complications as to the scope of our rights under the relevant agreement. Further, the license or assignment agreements we have entered into, or will enter into in the future, are complex, and certain provisions in such agreements may** be ~~qualified through a NDA supplement~~ **susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of** which could **have** ~~result in further delay. The regulatory agencies may also require additional studies if~~ a **material adverse effect on our advancement through our collaboration relationship with** ~~new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in~~ its **partners** ~~desired clinical and commercial timelines~~ . **We rely** ~~These factors could cause the delay of clinical studies, regulatory submissions, required approvals or commercialization of its product candidates, cause Catalyst to incur higher costs and prevent Catalyst from commercializing its products successfully. Furthermore, if its suppliers fail to meet contractual requirements, and Catalyst is unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, its clinical studies may be delayed, or Catalyst could lose potential revenue. Catalyst relies~~ on third parties to conduct certain aspects of ~~its~~ **our** preclinical studies and any clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such tasks or trials. ~~Catalyst relies~~ **We rely** on third parties such as ~~contract research organizations (“~~ CROs ~~”)~~, medical institutions and clinical investigators to conduct certain aspects of preclinical development, including assay development and testing, and to enroll qualified patients and conduct, supervise and monitor clinical trials. ~~Catalyst’ s~~ **For more details, see “ — Business — Our Research and Development ” in this Annual Report. Our** reliance on these third parties for preclinical and clinical development activities reduces ~~its~~ **our** control over these activities. **Our** ~~Catalyst’ s~~ reliance on these third parties, however, will not relieve ~~Catalyst~~ **us** of ~~its~~ **our** regulatory responsibilities, including ensuring that ~~its~~ **our** clinical studies are conducted in accordance with good clinical practices, and the investigational plan and protocols contained in the relevant regulatory application, such as an ~~investigational new drug application (“~~ IND ~~”)~~. In addition, the CROs with whom ~~Catalyst~~ **we** contracts may not complete activities on schedule or may not conduct ~~its~~ **our** preclinical studies or clinical studies in accordance with regulatory requirements or ~~its~~ **our** clinical study design. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, ~~its~~ **compromise the quality or accuracy of the clinical data obtained by CROs or our investigators due to failure to adhere to our clinical protocols or regulatory requirements, or the quality of the products manufactured fails to comply with GMP, our** efforts to complete development and obtain regulatory approvals for, and to commercialize, ~~its~~ **our product, generic drugs and** product candidates may be delayed or prevented. **In addition, we, our CROs for clinical programs and our investigators are required to comply with GCP for all of our product candidates in clinical development. If we or any of our CROs or investigators fail to comply with applicable GCP, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA, FDA or comparable regulatory authorities may require us to perform additional clinical trials before considering whether to approve our marketing applications, which would delay the regulatory approval process. If our distributors act in violation of the relevant agreements, or if sub- distributors with whom we have not entered into distribution agreements do not comply with policies and measures that our distributors agree to comply with, our business, prospects and reputation could be materially and adversely affected. While we rely on the distribution agreements and the policies and measures we have in place to manage our distributors, we cannot guarantee that these agreements, policies and measures will be able to effectively manage our distributors, or that our distributors will comply with our agreements and policies. If our distributors take one or more of the following actions, our business, results of operations, prospects and reputation may be adversely affected: • failing to distribute our product, generic drugs and future products, if approved, in the manner we contemplate, impairing the effectiveness of our distribution network; • breaching the distribution agreements or our policies and measures; • failing to maintain the requisite**

licenses, permits or approvals or failure to comply with applicable regulatory requirements; and • violating any applicable anti- corruption, anti- bribery, competition or other laws and regulations. Any such actual or alleged violation or non- compliance by our distributors of the distribution agreements, our 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 product, ETUARY, generic drugs and future products, if approved. Moreover, some of our distributors engage sub- distributors to distribute our product, and we do not engage these sub- distributors directly or maintain contractual relationships with them. Instead, we mainly rely on our distributors to manage and control their sub- distributors in accordance with regulatory requirements, the terms of the distribution agreements between us and our distributors and our policies for our distributors. Since our control is limited over these sub- distributors, there is no assurance that the sub- distributors will comply with the geographical restrictions agreed to with our distributors or other distribution requirements under our distribution agreements and policies. As a result, there can be no assurance that we will be able to identify or remediate any practices by any sub- distributors' that may be detrimental to our business in a timely manner or at all, which may adversely affect our results of operations and reputation. During the years ended December 31, 2023 and 2022, we had a small number of suppliers, with whom we believe we have stable relationships. However, the stability of operations and business strategies of our suppliers are beyond our control, and there can be no assurance that we will be able to maintain a stable relationship and high- quality outsourced raw materials or services with our large suppliers. Risks Related to Employee Matters, Managing Growth and **Our** ~~Catalyst' s~~ Business Operations ~~Catalyst' s~~ **Our ongoing success is reliant on our capacity to retain key executives and to recruit, maintain, and inspire skilled professionals. Our** ability to compete in the highly competitive biotechnology and pharmaceutical industries depends upon ~~its~~ **our** ability to attract and retain highly qualified managerial, scientific and medical personnel. ~~Catalyst is~~ **We are** highly dependent on ~~its~~ **our** executive management and scientific personnel. ~~Catalyst does~~ **We do** not maintain " key man " insurance policies on the lives of these individuals or the lives of any of ~~its~~ **our** other employees. In addition, ~~Catalyst~~ **we** will need to add personnel to achieve ~~its~~ **our** business objectives. The loss of the services of any of ~~its~~ **our** executive officers, other key employees, and ~~its~~ **our** inability to find suitable replacements, or ~~its~~ **our** inability to hire new clinical development and manufacturing personnel, could result in delays in product development and harm ~~its~~ **our** business. ~~Catalyst~~ **We** ~~conducts~~ **conduct our U. S.** operations at ~~its~~ **our** facility in ~~the~~ San ~~Francisco Bay Area~~ **Diego, California** . This region is headquarters to many other biopharmaceutical companies and many academic and research institutions. Competition for skilled personnel in ~~its~~ **our** market is intense and may limit ~~its~~ **our** ability to hire and retain highly qualified personnel on acceptable terms or at all. **In the PRC, we compete for qualified personnel with other pharmaceutical and biotechnology companies, universities and research institutions. The pool of suitable candidates is limited, and we may not be able to hire and retain enough skilled and experienced scientists or other technical personnel at the current level of wages, and may need to offer higher compensation and other benefits, which could materially and adversely affect our financial condition and results of operations.** To induce valuable employees to remain ~~at Catalyst~~ **with us** , in addition to salary and cash incentives, ~~Catalyst has~~ **we have** provided stock options that vest over time. The value to employees of stock options that vest over time may be significantly affected by movements in **our** ~~Catalyst' s~~ stock price that are beyond ~~its~~ **our** control and may at any time be insufficient to counteract more lucrative offers from other companies. Despite ~~its~~ **our** efforts to retain valuable employees, members of management and scientific and development teams have terminated and may terminate their employment with ~~Catalyst~~ **us** on short notice. **Our** ~~Catalyst' s~~ employees are under at- will employment arrangements, which means that any of ~~its~~ **our** employees can leave employment with ~~Catalyst~~ **us** at any time, with or without notice. Failure to retain, replace or recruit personnel could harm ~~its~~ **our** business. ~~Catalyst is~~ **Our future performance will also depend, in part, on our ability to successfully integrate newly hired executive officers into our management team and our ability to develop an effective working relationship among senior management. Our failure to integrate these individuals and create effective working relationships among them and other members of management could result in inefficiencies in the development and commercialization of our product, generic drugs and product candidates, harming future marketing approvals, sales of our product, generic drugs and product candidates and our results of operations. Our employees, principal investigators, consultants and commercial partners may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements and insider trading. We are** exposed to the risk of fraud or other misconduct by ~~its~~ **our** employees, principal investigators, consultants and collaborators. Misconduct by these parties could include intentional failures to comply with the regulations of the **NMPA,** FDA **, SEC and non- PRC** and non- U. S. regulators, to provide accurate information to the **NMPA,** FDA **and non- PRC** and non- U. S. regulators, to comply with healthcare fraud and abuse laws and regulations in the **PRC,** United States and abroad, to report financial information or data accurately or to disclose unauthorized activities to ~~Catalyst~~ **us** . In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self- dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Such misconduct could also involve the improper use of information obtained during clinical studies that could result in regulatory sanctions and cause serious harm to ~~its~~ **our** reputation. It is not always possible to identify and deter employee misconduct, and the precautions ~~Catalyst~~ **we** ~~takes~~ **take** to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting ~~Catalyst~~ **us** from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against ~~Catalyst~~ **us** and ~~Catalyst is~~ **we are** not successful in defending ~~itself~~ **ourselves** or asserting ~~its~~ **our** rights, those actions could have a significant impact on ~~its~~ **our** business, including the imposition of significant fines or other sanctions. As a public company, ~~Catalyst has~~ **we have** and will continue to incur significant legal, accounting and other expenses, including costs

associated with public company reporting and corporate governance requirements, in order to comply with the rules and regulations imposed by the Sarbanes- Oxley Act and the Dodd- Frank Wall Street Reform and Consumer Protection, as well as rules implemented by the SEC and Nasdaq. Stockholder activism, the political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, which may lead to additional compliance costs and impact the manner in which ~~Catalyst~~ **we** ~~operates~~ **operate** ~~its~~ **our** business in ways that are not currently anticipated. ~~Its~~ **Our** management and other personnel need to devote a substantial amount of time to ~~these~~ compliance ~~initiatives~~ **with regulations related to operating as a public company** . In addition, these rules and regulations make it difficult and expensive for ~~Catalyst~~ **us** to obtain director and officer liability insurance, and ~~Catalyst~~ **we** may be required to incur substantial costs to maintain ~~its~~ **our** current levels of such coverage. ~~Catalyst~~ **We** ~~expects~~ **expect** that ~~it~~ **we** will annually incur significant expenses to comply with the requirements imposed on ~~Catalyst~~ **us** as a public company. **Our management team has not previously managed and operated a U. S. public company. These executive officers and other personnel will need to devote substantial time to gaining expertise related to public company reporting requirements and compliance with applicable laws and regulations to ensure that we comply with all of these requirements. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on the board of directors or on board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms. Increased labor costs negatively affect our operations and have an adverse impact on our profitability. Our strategies and business growth may require us to hire additional employees, and we may also hire additional employees as a result of acquisitions. The average cost of labor in the PRC has been steadily increasing in recent years as a result of inflation, government- mandated wage increases and other changes in PRC labor laws, as well as competition for talent and qualified employees among pharmaceutical companies. As a result, increased labor costs could have negative effects on our growth and decrease our profitability.** Risks Related to **Our** ~~Catalyst' s~~ Intellectual Property ~~Catalyst relies~~ **Should we or our licensors fail to secure, uphold, defend, or extend adequate patent and other intellectual property rights for our product, ETUARY, which is approved in the PRC, and any product candidates globally, or if the breadth of these intellectual property rights is insufficient, our ability to effectively compete in our markets could be compromised. We rely** upon a combination of patents, trade secret protection and confidentiality agreements to protect the intellectual property related to ~~its~~ **our product, ETUARY, and** product candidates **. In order to protect the technologies, products and product candidates that we consider commercially important, we have filed and continue to file patent applications in the PRC, United States and other countries. However, applying for patent protection is an expensive and time- consuming process, and we may not be able to successfully file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. We may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories** . The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be uncertain. **For example, there can be no assurance that we were the first to make the inventions claimed in our patents or pending patent applications because of the delay between publications of discoveries in scientific or patent literature and actual discoveries and patent applications. Under the " first- to- file " system adopted by the PRC, and, recently, the United States, even after reasonable investigation, we may be unable to determine with certainty whether our product, product candidates, processes, technologies, improvement and other related matters are or may become unpatentable because a third party filed or may file a patent application earlier than we have or do for inventions thereunder that are the same or substantially similar to our inventions.** Third parties may challenge the validity, enforceability or scope of ~~its~~ **our** patents, which may result in those patents being narrowed or invalidated. The patent applications that ~~Catalyst~~ **we** ~~owns~~ **own** may fail to result in issued patents with claims that cover ~~its~~ **our product and** product candidates in the **PRC,** United States or in other foreign countries. Furthermore, even if they are unchallenged, ~~its~~ **our** patents and patent applications may not adequately protect ~~its~~ **our** intellectual property, provide exclusivity for ~~its~~ **our product or** product candidates or prevent others from designing around ~~its~~ **our** claims. Certain of ~~its~~ **our** patents also cover processes, for which enforcement can be difficult. Any of these outcomes could impair ~~its~~ **our** ability to prevent competition from third parties that may have an adverse impact on ~~its~~ **our** business. If the patents or patent applications ~~Catalyst~~ **we** ~~holds~~ **hold** or ~~has~~ **have** in- licensed for ~~its~~ **ETUARY, our** programs or product candidates are invalidated or fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for ~~its~~ **our product or** product candidates, it could threaten ~~its~~ **our** ability to commercialize future products. Further, if ~~Catalyst~~ **we** ~~encounters~~ **encounter** delays in regulatory approvals, the period of time during which ~~Catalyst~~ **we** could market a product candidate under patent protection could be reduced. In addition, patents have a limited lifespan. In the United States, the natural expiration of a patent is generally 20 years after it is filed. **In the PRC, the amendment to the PRC Patent Law (the " Amended PRC Patent Law ") provides for patent term extension and patent linkage. The Amended PRC Patent Law and relevant implementing regulations provide a cause of action to allow a patent holder to initiate a declarative action during the regulatory review process of a drug to determine whether the drug falls within the patent scope, which may be comparable to the patent linkage system in the United States. The system requires that the NMPA continue to review the potentially infringing follow- on application during any lawsuit by the innovator. However, the NMPA may not approve the follow- on application pending resolution of the patent litigation in favor of the follow- on application or for a specified period of time, whichever is shorter. The Amended PRC Patent Law and relevant implementing regulations also provide patent term extension, similar to the United States, for the patent term lost during the regulatory review process of a new drug upon the patent holder' s request. The extended term shall not exceed five years, and the total patent term after market entry of the new drug shall not exceed 14 years. However, the patents we have in- licensed or own in the PRC may not be eligible to be extended for any patent term lost**

during the regulatory review process. Various extensions may be available; however the life of a patent, and the protection it affords, is limited. Once the patent life has expired for a product, ~~Catalyst~~ **we** may be subject to competition from generic medications. In addition to the protection afforded by patents, ~~Catalyst relies~~ **we rely** on trade secret protection and confidentiality agreements to protect proprietary know- how that is not patentable or that ~~Catalyst~~ **we** ~~elects~~ **elect** not to patent and other elements of ~~its~~ **our** product candidate discovery and development processes that involve proprietary know- how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. ~~Catalyst~~ **We** ~~seeks~~ **seek** to protect ~~its~~ **our** proprietary technology and processes, in part, by entering into confidentiality agreements with ~~its~~ **our** employees, consultants, scientific advisors and contractors. ~~Catalyst~~ **We** also ~~seeks~~ **seek** to preserve the integrity and confidentiality of ~~its~~ **our** data and trade secrets by maintaining the physical security of ~~its~~ **our** premises and physical and electronic security of ~~its~~ **our** information technology systems. While ~~Catalyst has~~ **we have** confidence in these individuals, organizations and systems, agreements or security measures may be breached, and ~~Catalyst~~ **we** may not have adequate remedies for any breach. In addition, ~~its~~ **our** trade secrets may otherwise become known or be independently discovered by competitors. Although ~~Catalyst~~ **we** ~~expects~~ **expect** all of ~~its~~ **our** employees and consultants to assign their applicable inventions to ~~Catalyst~~ **us** , and all of ~~its~~ **our** employees, consultants, advisors and any third parties who have access to ~~its~~ **our** proprietary know- how, information or technology to enter into confidentiality agreements, ~~Catalyst~~ **we** cannot provide guarantee that all such agreements have been duly executed or that ~~its~~ **our** trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to ~~its~~ **our** trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of ~~its~~ **our** trade secrets could impair ~~its~~ **our** competitive position and may have a material adverse effect on ~~its~~ **our** business. Additionally, if the steps taken to maintain ~~its~~ **our** trade secrets are deemed inadequate, ~~Catalyst~~ **we** may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover ~~its~~ **our** trade secrets and proprietary information **. Moreover, some of our employees, including senior management, may have been employed at other pharmaceutical companies, including our competitors or potential competitors. Such employees may have executed proprietary rights, non- disclosure and non- competition agreements in connection with such previous employment. We may be subject to claims these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee' s former employer. In the event that litigation is necessary to defend against such claims, we may be subject to monetary damages and lose valuable intellectual property rights or personnel** . Further, filing, prosecuting and defending patents on **our product, ETUARY, and** product candidates in all countries throughout the world would be prohibitively expensive, and **our** ~~Catalyst' s~~ intellectual property rights in some countries outside the **PRC and** United States are less extensive than those in the **PRC and** United States. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the **PRC or** United States. As a result, ~~Catalyst~~ **we** may encounter significant problems in protecting and defending ~~its~~ **our** intellectual property ~~both~~ in the **PRC,** United States and abroad. If ~~Catalyst is~~ **we are** unable to prevent material disclosure of the non- patented intellectual property related to ~~its~~ **our** technologies to third parties, and there is no guarantee that ~~Catalyst~~ **we** will have any such enforceable trade secret protection, ~~Catalyst~~ **we** may not be able to establish or maintain a competitive advantage in ~~its~~ **our** market, which could materially adversely affect ~~its~~ **our** business, results of operations and financial condition. **In addition, we may be involved in claims and disputes of intellectual property infringement in other jurisdictions, and the defense of these claims or disputes, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non- compliance with these requirements. The China National Intellectual Property Administration (the " CNIPA ") and other governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. For example, in several stages over the lifetime of a patent, periodic maintenance fees are due to be paid to the CNIPA and other patent agencies. Although an inadvertent lapse can, in many cases, be cured by payment of a late fee or by other means in accordance with the applicable rules, non- compliance could result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Such non- compliance events may include failure to respond to official actions in a timely manner, non- payment of fees, and failure to properly submit formal documents. In addition, under PRC patent law, any applicant that applies for a patent in a foreign country for an invention or utility model accomplished in the PRC must report to the CNIPA for confidentiality examination. If the applicant fails to report to the CNIPA for confidentiality examination, the patent right may not be granted if an application is later filed in the PRC. The scope of our patent protection may be uncertain, and** ~~Third~~ **third** - party claims of intellectual property infringement or challenging the inventorship or ownership of ~~its~~ **our** patents may prevent or delay ~~its~~ **our** development and commercialization efforts. ~~Catalyst' s~~ **The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future are to be issued as patents, they may not be issued in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of medical device companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our** commercial success depends in part on avoiding infringement of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the **PRC and** United States, involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits,

interferences, **third- party submissions of prior art to the CNIPA, USPTO or other related intellectual property offices,** oppositions ~~and~~ **,** inter partes reexamination proceedings before the **CNIPA,** USPTO, and corresponding foreign patent offices **and post- grant proceedings such as opposition, derivation, revocation, invalidation, re- examination or inter partes review, or interference proceedings or similar proceedings in foreign jurisdictions challenging the priority of our invention or other features of patentability of our patents and patent applications** . Numerous U. S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which ~~Catalyst is~~ **we are** pursuing development candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that ~~its~~ **our product, ETUARY, and** product candidates may be subject to claims of infringement of the patent rights of third parties. Third parties may assert that the manufacture, use or sale of ~~its~~ **our product, ETUARY, and our** product candidates infringes patents held by such third parties, or that ~~Catalyst is~~ **we are** employing their proprietary technology without authorization. There may be third- party patents or patent applications with claims to compositions of matter, materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of ~~its~~ **our product, generic drugs and** product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that ~~its~~ **our** product candidates or current ~~products~~ **product** may infringe ~~. In addition, Catalyst has received confidential and proprietary information from third parties, and Catalyst employs individuals who were previously employed at other biotechnology or pharmaceutical companies. Catalyst may be subject to claims that its employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of these third parties or its employees' former employers. Litigation may be necessary to defend against these claims~~ . Parties making claims against ~~Catalyst~~ **us** may obtain injunctive or other equitable relief that could effectively block ~~its~~ **our** ability to further develop and commercialize one or more of ~~its~~ **our product, ETUARY, and our** product candidates unless ~~Catalyst~~ **we** redesigned infringing products (which may be impossible) or obtained a license under the applicable patents (which may not be available on commercially reasonable terms or at all), or until such patents expire. ~~Catalyst~~ **We** may be involved in lawsuits to protect or enforce ~~its~~ **our** patents. Competitors may infringe **our** ~~Catalyst' s~~ patents. To counter infringement or unauthorized use, ~~Catalyst~~ **we or** ~~or~~ **our** ~~its~~ collaborators may be required to file infringement claims that can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that one of **our** ~~Catalyst' s~~ patents is not valid, is unenforceable and / or is not infringed, or may refuse to stop the other party from using the technology at issue on the grounds that ~~its~~ **our** patents do not cover the technology in question. An adverse **determination or outcome of a third- party submission, proceeding or litigation may** result in ~~any litigation~~ **loss of patent rights** or ~~defense proceeding~~ **exclusivity, or in patent claims being narrowed, invalidated or held unenforceable, which** could **limit** ~~put one or~~ **our ability to prevent competitors from using** ~~more of Catalyst' s patents at risk of being invalidated~~ or ~~interpreted narrowly~~ **commercializing similar or identical technologies** and ~~could put its~~ **products, or limit the duration of the** patent **protection** ~~applications at risk~~ of ~~not issuing~~ **our technologies, product, ETUARY, and product candidates** . Interference proceedings provoked by third parties or brought by ~~Catalyst~~ **us** may be necessary to determine the priority of inventions with respect to ~~its~~ **our** patents or patent applications or those of ~~its~~ **our** licensors. An unfavorable outcome could require ~~Catalyst~~ **us** to cease using the related technology or to attempt to license rights from the prevailing party. **Our** ~~Catalyst' s~~ business could be harmed if the prevailing party does not offer ~~Catalyst~~ **us** a license on commercially reasonable terms. ~~Catalyst~~ **We** may not be able to prevent, alone or with ~~its~~ **our** licensors, misappropriation of ~~its~~ **our** intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the **PRC or** United States. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of ~~its~~ **our** confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of ~~its~~ **our** common stock. Intellectual property litigation could cause ~~Catalyst~~ **us** to spend substantial resources and distract ~~its~~ **our** personnel from their normal responsibilities. Even if resolved in **our** ~~Catalyst' s~~ favor, litigation or other legal proceedings relating to intellectual property claims, regardless of their merit, would cause ~~Catalyst~~ **us** to incur significant expenses, and could distract ~~its~~ **our** technical and management personnel from their normal responsibilities. In the event of a successful claim of infringement against ~~Catalyst~~ **us** , ~~Catalyst~~ **we** may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, in addition to paying royalties, redesign infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of ~~its~~ **our** common stock. Such litigation or proceedings could substantially increase ~~its~~ **our** operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. ~~Catalyst~~ **We** may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of ~~its~~ **our** competitors may be able to sustain the costs of such litigation or proceedings more effectively than ~~Catalyst~~ **we** can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise ~~its~~ **our** ability to compete in the marketplace. ~~Catalyst~~ **Changes in patent law could diminish the value of patents generally, which may impair our ability to protect ETUARY and our product candidate pipeline. Decisions made by the National People' s Congress of the PRC and the CNIPA could change the laws and regulations governing patents in unpredictable ways that may affect our ability to obtain new patents or to enforce our existing patents and / or future patents. The United States has enacted and is currently implementing wide- ranging patent reform legislation. In addition, recent U. S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. Similar changes in the laws of other jurisdictions may impact the value of our patent rights or our other intellectual property rights. In addition**

to increasing uncertainty with regard to our ability to obtain patents in the future, there is uncertainty with respect to the value of patents once obtained, if any. As the laws and regulations governing patents evolve in the PRC and other jurisdictions, such changes may have a negative impact on our intellectual property protection. We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms. A third- party may hold intellectual property, including patent rights, that is important **to** or necessary ~~to~~ **for** the development of ~~its~~ **our** ~~products~~ **product candidates** . It may be necessary for ~~Catalyst~~ **us** to use the patented or proprietary technology of third parties to commercialize ~~its~~ **our** ~~products~~ **product candidates** , in which case ~~Catalyst~~ **we** would be required to obtain a license from these third parties on commercially reasonable terms, or ~~its~~ **our** business could be harmed, possibly materially. **We may fail to protect our trademarks and trade names, which may negatively affect our ability to build brand recognition in our markets of interest. We currently own issued trademark registrations and have trademark applications pending in order to build name recognition among potential partners and customers in our markets of interest. However, such trademark registrations and applications subject us to risks of trademark invalidity, dilution and infringement. Our trademark registrations and applications may be subject to a governmental or third-party objection, and may be challenged, infringed, circumvented or declared generic. If an issued trademark registration or trademark application is successfully challenged, then we may not be able to register or maintain such trademark registration or application. Moreover, as our product, ETUARY, continues to be marketed, such product' s reliance on our trademarks to differentiate us from our competitors may increase. We may not be able to prevent third parties from adopting, registering or using trademarks and trade dress that infringe, dilute or otherwise violate our trademark rights, or from engaging in conduct that constitutes unfair competition, defamation or other violations of our trademark rights. In addition, owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names may pursue trade name or trademark infringement claims against us. If we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively in our markets of interest, and our business may be adversely affected. Intellectual property rights may not address all potential threats to our business or competitive advantage. The degree of protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. The limitations of currently available intellectual property protection regimes include that: • others may be able to make products that are similar to ETUARY or our product candidates or utilize similar technologies that are not covered by our owned and licensed patents; • others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our intellectual property rights; • the proprietary technologies on which we rely may not be patentable; and • we may choose not to file a patent for certain trade secrets or know- how, yet a third party may subsequently file a patent covering such intellectual property. Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.** Risks Related to Regulatory Approval of **Our** ~~Catalyst' s~~ Product Candidates and Other Compliance Matters **All material aspects of research, development, manufacturing and commercialization of our product, ETUARY, which is approved in the PRC, and product candidates are heavily regulated. Obtaining regulatory approvals and maintaining compliance with applicable laws and regulations is a lengthy, expensive and uncertain process which requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the drug development process or approval process, or after approval, may subject us to administrative or judicial sanctions. These sanctions could include, but are not limited to, a regulator' s refusal to approve pending applications, withdrawal of an approval, license revocation, a clinical hold, warning or untitled letters, voluntary or mandatory product recalls, product seizures, total or partial suspension of production or distribution, import alerts, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.** The process of obtaining regulatory approvals, ~~both~~ in the **PRC,** United States and abroad, is unpredictable, expensive and typically takes many years following commencement of clinical trials, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. ~~Hydronidone~~ **Other than certain generic drugs, we have only one successfully commercialized product, ETUARY, which is approved in the PRC for the treatment of IPF. ETUARY is currently in its Phase 3 clinical trials in the PRC for the treatment of SSc- ILD and DM- ILD, Phase 3 clinical trial for the treatment of pneumoconiosis and Phase 1 clinical trial of ETUARY for the DKD Program. Although ETUARY is approved in the PRC for the treatment of one indication, we may be unable to successfully commercialize ETUARY in the PRC for the treatment of other indications. In addition, F351 is currently in its Phase 3 clinical trial in the PRC for liver fibrosis associated with CHB. In addition, F351** currently has one active IND application with the FDA in the United States for the treatment of liver fibrosis associated with a broad spectrum of chronic liver diseases. In the future, it is expected that an additional IND will be filed for ~~Hydronidone~~ **F351** specifically for **liver fibrosis associated with** NASH, and ~~Catalyst~~ **we** may file additional IND applications for future indications or future product candidates. If any such future IND is not ~~approved~~ **timely cleared** by the FDA, **our** ~~Catalyst' s~~ clinical development timeline may be negatively impacted and any future clinical programs may be delayed or terminated. As a result, ~~Catalyst~~ **we** may be unable to obtain regulatory approvals or successfully commercialize **our product candidates. We also have an early clinical- stage product pipeline that includes F573 for ALF / ACLF treatment. F573 has entered into Phase 2 clinical trials in the PRC. We completed our Phase 1 clinical observations of tolerability and PK in July 2022 and initiated our Phase 2 clinical study of F573 in March 2023. We have also established a tiered preclinical product pipeline. For instance, we are researching and developing F528 for the treatment of COPD. In addition, our product candidate F230 is currently in** its ~~products~~ **preclinical phase and has demonstrated the potential to significantly alleviate PAH in animal studies, and, on March 13, 2024, we submitted an**

IND application for F230 in the PRC . ~~Catalyst~~ **We** cannot guarantee that any preclinical studies and clinical trials will be conducted as planned or completed on schedule, if at all. The clinical development of ~~its~~ **our** product candidates is susceptible to the risk of failure at any stage of drug development, including failure to demonstrate efficacy in a clinical trial or across a suitable population of patients, the occurrence of severe or medically or commercially unacceptable adverse events, failure to comply with protocols or applicable regulatory requirements and determination by the **NMPA,** FDA or any comparable foreign regulatory authority that a drug product is not approvable. It is possible that even if one or more of ~~its~~ **our** product candidates has a beneficial effect, that effect will not be detected during clinical evaluation as a result of one or more of a variety of factors, including the size, duration, design, measurements, conduct or analysis of ~~its~~ **our** clinical trials. Conversely, as a result of the same factors, ~~its~~ **our** clinical trials may indicate an apparent positive effect of a product candidate that is greater than the actual positive effect, if any. ~~Catalyst~~ **We** cannot commercialize product candidates in the **PRC or** United States without first obtaining regulatory approval from the **NMPA or the** FDA **, respectively** . Similarly, ~~Catalyst~~ **we** cannot commercialize product candidates outside of the **PRC or** United States without obtaining regulatory approval from comparable foreign regulatory authorities. Before obtaining regulatory approvals for the commercial sale of **our** ~~Catalyst' s~~ product candidates, including **ETUARY for future indications** ~~Catalyst' s lead product candidate Hydronidone~~ , ~~Catalyst~~ **F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC, we** must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that **our** ~~Catalyst' s~~ product candidates are both safe and effective for each targeted indication. Securing regulatory approval also requires the submission of information about the drug manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Further, **our** ~~Catalyst' s~~ product candidates, including ~~Hydronidone~~ **ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** , may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude **our** ~~Catalyst' s~~ obtaining marketing approval. The **NMPA,** FDA and comparable foreign regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that **our** ~~Catalyst' s~~ data are insufficient for approval and require additional preclinical, clinical or other data. **our** ~~Catalyst' s~~ product candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including: • the **NMPA,** FDA or comparable foreign regulatory authorities may disagree with the design or implementation of **our** ~~Catalyst' s~~ clinical trials; • ~~Catalyst~~ **We** may be unable to demonstrate to the satisfaction of the **NMPA,** FDA or comparable foreign regulatory authorities that a product candidate is safe and effective for its proposed indication; • the results of clinical trials may not meet the level of statistical significance required by the **NMPA,** FDA or comparable foreign regulatory authorities for approval; serious and unexpected drug- related side effects may be experienced by participants in **our** ~~Catalyst' s~~ clinical trials or by individuals using drugs similar to **our** ~~Catalyst' s~~ product candidates; • ~~Catalyst~~ **We** may be unable to demonstrate that a product candidate' s clinical and other benefits outweigh its safety risks; the **NMPA,** FDA or comparable foreign regulatory authorities may disagree with **our** ~~Catalyst' s~~ interpretation of data from preclinical studies or clinical trials; • the data collected from clinical trials of **our** ~~Catalyst' s~~ product candidates may not be acceptable or sufficient to support the submission of an NDA or other submission or to obtain regulatory approval in the **PRC,** United States or elsewhere, and ~~Catalyst~~ **we** may be required to conduct additional clinical trials; • the **NMPA,** FDA or the applicable foreign regulatory authority may disagree regarding the formulation, labeling and / or the specifications of **our** ~~Catalyst' s~~ product candidates; • the **NMPA,** FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes or facilities of third- party manufacturers with which ~~Catalyst~~ **we** contracts for clinical and commercial supplies; and • the approval policies or regulations of the **NMPA,** FDA or comparable foreign regulatory authorities may significantly change in a manner rendering **our** ~~Catalyst' s~~ clinical data insufficient for approval. The approval requirements for **our** ~~Catalyst' s~~ product candidates are likely to vary by jurisdiction such that success in one jurisdiction is not necessarily predicative of success elsewhere. ~~Catalyst~~ **We** may experience delays in completing planned clinical trials for a variety of reasons, including delays related to: • the availability of financial resources to commence and complete the planned trials; • inability to reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites; • obtaining approval at each clinical trial site by an ~~independent institutional review board ("~~ IRB ~~")~~ ; • recruiting suitable patients to participate in trials; • having patients complete a trial or return for post- treatment follow- up; • clinical trial sites deviating from trial protocol or dropping out of a trial; • adding new clinical trial sites ; and • manufacturing sufficient quantities of qualified materials under Current Good Manufacturing Practice (" cGMPs ") regulations and applying them on a subject- by- subject basis for use in clinical trials. ~~Catalyst~~ **We** could also experience delays in obtaining approval if physicians encounter unresolved ethical issues **, including but not limited to those** associated with enrolling patients in clinical trials of ~~its~~ **our** product candidates in lieu of prescribing existing treatments that have established safety and efficacy profiles given the serious nature of the diseases for the core indications for ~~its~~ **our** product candidates. Additionally, a clinical trial may be suspended or terminated by ~~Catalyst~~ **us** , the IRBs for the institutions in which the trials are being conducted, the Data Monitoring Committee for the trial, or by the **NMPA,** FDA or other regulatory authorities for a number of reasons, including failure to conduct the clinical trial in accordance with regulatory requirements or its clinical protocols, inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues, or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, the FDA review and approval process could be delayed by any future shutdown of the U. S. government, and ~~its~~ **our** development activities could be harmed or delayed as a result. If ~~Catalyst~~ **we** ~~experiences~~ **experience** termination of, or delays in the completion of, any clinical trial of ~~its~~ **our** product candidates, ~~its~~ **our** ability to commercialize ~~its~~ **our** product candidates will be harmed and ~~its~~ **our** ability to generate revenue will be materially impaired. Additionally, delays in completing trials will increase costs, delay **our** ~~Catalyst' s~~ product development and approval

process, and impair ~~its~~ **our** ability to commence product sales and generate revenue. Many of the factors that could create or lead to a delay in the commencement or completion of clinical trials may lead to the denial of regulatory approval for ~~its~~ **our** product candidates. **Of the large number of drugs in development, only a small percentage successfully complete the NMPA, FDA or foreign regulatory approval processes and are commercialized. The lengthy approval process as well as the unpredictability of future clinical trial results may result in our failing to obtain regulatory approval to market our product candidates, including ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC, which would significantly harm our business, results of operations and prospects.** If ~~Catalyst~~ **we** were to obtain approval, regulatory authorities may approve any of **our** ~~Catalyst' s~~ product candidates, including ~~Hydronidone~~ **ETUARY for future indications, F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC** , for fewer or more limited indications than ~~Catalyst~~ **we** ~~requests~~ **request** , including failing to approve the most commercially promising indications, may grant approval contingent on the performance of costly post- marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. If ~~Catalyst is~~ **we are** not able to obtain, or if there are delays in obtaining, required regulatory approvals for **our** ~~Catalyst' s~~ product candidates, including ~~Hydronidone~~ **ETUARY for future indications** , ~~Catalyst~~ **F573, F528, and F230 in the PRC, and F351 in the PRC and potentially additional markets beyond the PRC, we** will not be able to commercialize, or will be delayed in commercializing, **our** ~~Catalyst' s~~ product candidates and **our** ~~Catalyst' s~~ ability to generate revenue will be materially impaired. ~~Catalyst is~~ **We are** developing ~~Hydronidone~~ **F351** for the treatment of **liver fibrosis associated with** NASH ~~, an indication for which there are no approved products~~ . Although there are guidelines issued by the FDA for the development of drugs for the treatment of NASH, the development of a novel product candidate such as ~~Hydronidone~~ **F351** may be more expensive and take longer **in the United States** than for other, better known or extensively studied product candidates. As other companies are in later stages of clinical trials for their potential NASH therapies, ~~Catalyst~~ **we** ~~expects~~ **expect** that the path for regulatory approval for NASH therapies may continue to evolve in the near term as these other companies refine their regulatory approval strategies and interact with regulatory authorities. Such evolution may impact **our** ~~Catalyst' s~~ future clinical trial designs, including trial size and endpoints, in ways that ~~Catalyst~~ **we** cannot predict today. In particular, regulatory authority expectations about liver biopsy data may evolve especially as more information is published about the inherent variability in liver biopsy data. Certain of **our** ~~Catalyst' s~~ competitors have experienced regulatory setbacks for NASH therapies following communications from the FDA. ~~Catalyst~~ **We** currently ~~does~~ **do** not know the impact, if any, that these setbacks could have on the path for regulatory approval for NASH therapies generally or for ~~Hydronidone~~ **F351** . **Our** ~~Catalyst' s~~ anticipated development costs would likely increase if development of ~~Hydronidone~~ **F351** or any future product candidate is delayed because ~~Catalyst is~~ **we are** required by the **NMPA,** FDA **or other comparable regulatory authorities** to perform studies or trials in addition to, or different from, those that ~~Catalyst~~ **we** currently ~~anticipates~~ **anticipate** , or make changes to ongoing or future clinical trial designs. In addition, if ~~Catalyst is~~ **we are** unable to leverage our safety database for NASH indications, ~~Catalyst~~ **we** may be required to perform additional trials, which would result in increased costs and may affect the timing or outcome of ~~its~~ **our** clinical trials. In addition, ~~Hydronidone~~ **F351** may not be developed as a monotherapy, but as a part of a combination therapy, which will add to the complexity of clinical development and may cause further delays in ~~Hydronidone~~ **F351** ' s development and affect **our** ~~Catalyst' s~~ costs and divert management' s resources. ~~If Catalyst is~~ **Our failure to obtain or renew certain approvals, licenses, permits and certificates** required ~~by the FDA~~ **for our business may materially and adversely affect our business, financial condition and results of operations. Pursuant to relevant laws and regulations, we are required** to obtain **and maintain various** ~~approval~~ **approvals , licenses, permits and certificates from relevant authorities to operate our business. Some** of **these** ~~a companion diagnostic test in connection with approval~~ **approvals** ~~of any of Catalyst' s product candidates~~ , **permits** ~~including Hydronidone~~ , **licenses** ~~and Catalyst fails to obtain or face delays in obtaining FDA approval of a diagnostic device, Catalyst will not be able to commercialize such product candidate and Catalyst' s ability to generate revenue will be materially impaired. If safe and effective use of any of Catalyst' s product candidates depends on an~~ **and certificates** ~~in vitro diagnostic that is not otherwise commercially available, then the FDA generally will require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves Catalyst' s product candidates, if at all. Companion diagnostics are developed in conjunction with clinical programs for the associated product and~~ are subject to ~~regulation as medical devices~~ **periodic renewal and / or reassessment** by the ~~FDA~~ **relevant authorities,** and ~~comparable~~ **the standards of such renewal and / or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant** regulatory authorities **ceasing our operations** ~~. According to FDA guidance~~ , ~~if~~ **and may include corrective measures requiring capital expenditure or remedial actions. If** the ~~FDA determines~~ **interpretation or implementation of existing laws and regulations changes, or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates** that **were previously not required** ~~a companion diagnostic device is essential~~ to **operate** ~~the safe and effective use of a novel therapeutic product or~~ **our** ~~indication~~ **existing businesses** , ~~the~~ **there** ~~FDA generally~~ **can be no assurance that it** will **successfully** ~~not approve the therapeutic product or new therapeutic product indication if the companion diagnostic is not also approved or cleared for that indication. If a satisfactory companion diagnostic is not commercially available, Catalyst may be required to develop or~~ obtain ~~one that would be subject to regulatory approval requirements. The process of obtaining or creating~~ such ~~diagnostics is time- consuming and costly. If the FDA or a comparable foreign regulatory authority requires approval~~ **approvals** ~~of a companion diagnostic~~ **, permits, licenses** ~~for~~ **or certificates** ~~any of Catalyst' s product candidates, including Hydronidone, whether before or after it obtains marketing approval, Catalyst, and / or future collaborators, may encounter difficulties in developing and obtaining approval for such product candidate~~ . **Our relationships with customers and** ~~Any delay or failure by Catalyst or~~ third- party ~~collaborators~~ **payors will be subject** to

~~develop or obtain~~ **applicable anti- kickback, fraud and abuse and other healthcare laws and** ~~regulatory~~ **regulations , which** ~~approval of a companion diagnostic~~ could **expose us** ~~delay or prevent approval or continued marketing of such product candidate. Catalyst may also experience delays in developing a sustainable, reproducible and scalable manufacturing process for the companion diagnostic or in transferring that process~~ to **criminal sanctions** ~~commercial partners or negotiating insurance reimbursement plans~~ , **civil penalties** ~~all of which may prevent Catalyst from completing Catalyst' s clinical trials or commercializing Catalyst' s product candidates~~ , ~~if approved~~ **contractual damages** , **reputational harm and diminished profits and future earnings** ~~on a timely or profitable basis, if at all~~ . Healthcare providers, physicians and third- party payors will play a primary role in the recommendation and prescription of any product candidates for which ~~Catalyst~~ **we** ~~obtains~~ **obtain** marketing approval. **Our** ~~Catalyst' s~~ future arrangements with third- party payors and customers may expose ~~Catalyst~~ **us** to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which ~~Catalyst~~ **we** would market, sell and distribute ~~its~~ **our product, ETUARY, and future** products **, if approved** . As a pharmaceutical company, even though ~~Catalyst does~~ **we do** not and may not control referrals of healthcare services or bill directly to Medicare, Medicaid or other third- party payors, federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to ~~its~~ **our** business. These regulations include: • the Federal Healthcare Anti- Kickback Statute that prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid, and which will constrain ~~its~~ **our** marketing practices and the marketing practices of ~~its~~ **our** licensees, educational programs, pricing policies, and relationships with healthcare providers or other entities; • the federal physician self- referral prohibition, commonly known as the Stark Law, which prohibits physicians from referring Medicare or Medicaid patients to providers of " designated health services " with whom the physician or a member of the physician' s immediate family has an ownership interest or compensation arrangement, unless a statutory or regulatory exception applies; • federal false claims laws that prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other government reimbursement programs that are false or fraudulent, and which may expose entities that provide coding and billing advice to customers to potential criminal and civil penalties, including through civil whistleblower or qui tam actions, and including as a result of claims presented in violation of the Federal Healthcare Anti- Kickback Statute, the Stark Law or other healthcare- related laws, including laws enforced by the FDA; • ~~the federal Health Insurance Portability and Accountability Act of 1996 (" HIPAA ")~~ , which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program and also created federal criminal laws that prohibit knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services that, as amended by ~~the Health Information Technology for Economic and Clinical Health Act (" HITECH ")~~ , also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information; • federal physician sunshine requirements under the ACA, which requires manufacturers of approved drugs, devices, biologics and medical supplies to report annually to the U. S. Department of Health and Human Services, information related to payments and other transfers of value to physicians, other healthcare providers, and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members and applicable group purchasing organizations; • the Federal Food, Drug, and Cosmetic Act, which, among other things, strictly regulates drug product marketing, prohibits manufacturers from marketing drug products for off- label use and regulates the distribution of drug samples; and • state and foreign law equivalents of each of the above federal laws, such as anti- kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non- governmental third- party payors, including private insurers, state laws requiring pharmaceutical companies to comply with the pharmaceutical industry' s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and which may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures, and state and foreign laws governing the privacy and security of health information in specified circumstances, many of which differ from each other in significant ways and often are not preempted by federal laws such as HIPAA, thus complicating compliance efforts. Efforts to ensure that ~~its~~ **our** business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that ~~its~~ **our** business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If **our** ~~Catalyst' s~~ operations are found to be in violation of any of these laws or any other governmental regulations that may apply to it, ~~Catalyst~~ **we** may be subject to significant civil, criminal and administrative penalties, damages, fines, imprisonment, exclusion from government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of ~~its~~ **our** operations. If any physicians or other healthcare providers or entities with whom ~~Catalyst~~ **we** ~~expects~~ **expect** to do business are found to not be in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs. **Our operations are subject to various fraud and abuse laws, including, but not limited to, the PRC Anti-Unfair Competition Law, the PRC Criminal Law and the physician payment sunshine laws and regulations. There are ambiguities as to what is required to comply with any of these requirements, and violations of such fraud and abuse laws may be punishable by criminal and / or civil sanctions, including penalties, fines and / or exclusion or suspension from governmental healthcare programs and debarment from contracting with the relevant jurisdiction. As law enforcement authorities increase their focus on enforcing these laws, efforts to ensure that our business arrangements with third parties comply with applicable healthcare laws and regulations may involve substantial costs. We may be exposed to**

liabilities under the U. S. Foreign Corrupt Practices Act, or the FCPA, and similar anti- corruption and anti- bribery laws of the PRC and other countries in which we operate, as well as U. S. and certain foreign export controls, trade sanctions and import laws and regulations. Compliance with these legal requirements could limit our ability to compete in certain markets, and any determination that we have violated these laws could have a material adverse effect on our business or our reputation. Our operations are subject to the FCPA and similar anti- bribery or anti- corruption laws, regulations or rules of the PRC and other countries in which we operate. The FCPA and these other laws generally prohibit us, our officers and our employees and intermediaries from, directly or indirectly, offering, authorizing or making improper payments to non- U. S. government officials for the purpose of obtaining or retaining business or other advantage. We may engage third parties for clinical trials outside of the PRC and United States, to sell our commercialized product, ETUARY, and any other future products, if approved, abroad and / or to obtain necessary permits, licenses, patent registrations and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government- affiliated hospitals, universities and other organizations. As our business expands, the applicability of the FCPA and other anti- bribery laws to our operations will increase. If our procedures and controls to monitor anti- bribery compliance fail to protect us from reckless or criminal acts committed by our employees or agents or if we, or our employees, agents, contractors or other collaborators, fail to comply with applicable anti- bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, be required to disgorge profits, and incur other sanctions and / or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects. In addition, our commercialized product, ETUARY, and any other future products, if approved, may be subject to U. S. and foreign export controls, trade sanctions and import laws and regulations. Governmental regulation of the import or export of our product, ETUARY, and future products, if approved, or our failure to obtain any required import or export authorization for such products, when applicable, could harm our international or domestic sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our product, ETUARY, and future products, if approved, may create delays in the introduction of such products in international markets or, in some cases, prevent the export of such products to some countries altogether. Furthermore, U. S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by U. S. sanctions. If we fail to comply with export and import regulations and such economic sanctions, penalties could be imposed, including fines and / or denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons or products targeted by such regulations, could result in decreased use of our product, ETUARY, and future products, if approved, or in our decreased ability to export such products to, existing or potential customers with international operations. Any decreased use of our product, ETUARY, and future products, if approved, or limitation on our ability to export or sell such products would likely adversely affect our business. Our results of operations may be adversely affected by current and potential future healthcare legislative and regulatory actions. All jurisdictions in which ~~Catalyst~~ **we** ~~conducts~~ **conduct** ~~its~~ **our** research, development, manufacturing and commercialization activities regulate these activities in great depth and detail. Obtaining regulatory approvals is a lengthy, expensive and uncertain process. ~~Catalyst~~ **We** ~~intends~~ **intend** to focus ~~its~~ **our** activities in the major markets of the PRC and the United States. These geopolitical areas all have strict regulation on medical devices, and, in doing so, they employ broadly similar regulatory strategies, including regulation of product development, approval, manufacturing, sales and marketing and distribution of medical devices. However, regulatory regimes vary in different regions, which makes regulatory compliance more complex and costly for companies like ~~Catalyst~~ **us** that plan to operate in each of these regions. Legislative and regulatory actions affecting government prescription drug procurement and reimbursement programs occur relatively frequently. In the United States, the ACA was enacted in 2010 to expand healthcare coverage. Since then, numerous efforts have been made to repeal, amend or administratively limit the ACA in whole or in part. For example, the Tax Cuts and Jobs Act, signed into law by President Trump in 2017, repealed the individual health insurance mandate, which is considered a key component of the ACA. In December 2018, a Texas federal district court struck down the ACA on the grounds that the individual health insurance mandate is unconstitutional, although this ruling has been stayed pending appeal. The ongoing challenges to the ACA and new legislative proposals have resulted in uncertainty regarding the ACA' s future viability and destabilization of the health insurance market. The resulting impact on ~~its~~ **our** business is uncertain and could be material. Efforts to control prescription drug prices could also have a material adverse effect on ~~its~~ **our** business. For example, in 2018, President Trump and the Secretary of the U. S. Department of Health and Human Services released the " American Patients First Blueprint " and have begun implementing certain portions. The initiative includes proposals to increase generic drug and biosimilar competition, enable the Medicare program to negotiate drug prices more directly and improve transparency regarding drug prices and ways to lower ~~Catalyst~~ **our** consumers' out- of- pocket costs. The Trump administration also proposed to establish an " international pricing index " that would be used as a benchmark to determine the costs and potentially limit the reimbursement of drugs under Medicare Part B. Among other pharmaceutical manufacturer industry- related proposals, Congress has proposed bills to alter the benefit structure to increase manufacturer contributions in the catastrophic phase. The volume of drug pricing- related bills dramatically increased under the previous Congress, and the resulting impact on ~~its~~ **our** business is uncertain and could be material. The extent to which the 118th Congress will continue this approach is uncertain. The IRA provides ~~the Centers for Medicare & Medicaid Services (" CMS ")~~ with the ability to directly negotiate prescription drug and biologic prices with manufacturers and to cap out- of- pocket spending for Medicare Part D enrollees. Each year, CMS will select and negotiate a preset number of high- spend drugs and biologics covered under Medicare Parts B and D that lack generic or biosimilar competition. Price negotiations for Part D begin in 2023. Taking effect in 2023, the IRA provides a new " inflation rebate " that requires drug manufacturers to pay a rebate to

the federal government if the price for a drug or biologic under Medicare Parts B or D increases faster than the rate of inflation. The IRA contains a number of other provisions intended to reduce drug spending and the federal deficit, and the IRA' s impact on competition and commercialization is uncertain but could be material. In addition, many states have proposed or enacted legislation that seeks to indirectly or directly regulate pharmaceutical drug pricing, such as by requiring biopharmaceutical manufacturers to publicly report proprietary pricing information or to place a maximum price ceiling on pharmaceutical products purchased by state agencies. For example, in 2017, California' s governor signed a prescription drug price transparency state bill into law, requiring prescription drug manufacturers to provide advance notice and explanation for price increases of certain drugs that exceed a specified threshold. Both Congress and state legislatures are considering various bills that would reform drug purchasing and price negotiations, allow greater use of utilization management tools to limit Medicare Part D coverage, facilitate the import of low priced drugs from outside the United States and encourage the use of generic drugs. Such initiatives and legislation may cause added pricing pressures on ~~its~~ **our future** products **, if approved in the United States** . Changes to the Medicaid program at the federal or state level could also have a material adverse effect on ~~its~~ **our** business. Proposals that could impact coverage and reimbursement of ~~its~~ **our future** products **, if approved in the United States** , including giving states more flexibility to manage drugs covered under the Medicaid program and permitting the re- importation of prescription medications from Canada or other countries, could have a material adverse effect by limiting ~~its~~ **our future** products' **, if approved in the United States,** use and coverage. Furthermore, state Medicaid programs could request additional supplemental rebates on ~~its~~ **our** products as a result of an increase in the federal base Medicaid rebate. To the extent that private insurers or managed care programs follow Medicaid coverage and payment developments, they could use the enactment of these increased rebates to exert pricing pressure on ~~its~~ **our future** products **, if approved in the United States** , and the adverse effects may be magnified by their adoption of lower payment schedules. Other proposed regulatory actions affecting manufacturers could have a material adverse effect on ~~its~~ **our** business. It is difficult to predict the impact, if any, of any such proposed legislative and regulatory actions or resulting state actions on the use and reimbursement of ~~its~~ **our future** products **, if approved,** in the United States, but ~~its~~ **our** results of operations may be **adversely affected. The policies of the NMPA may change, or additional government regulations may be enacted, that could prevent, limit or delay regulatory approval of our product candidates, restrict or regulate post- approval activities and affect our profitability. We cannot predict the likelihood, nature or extent of governmental policies or regulations that may arise from future legislation or administrative actions in the PRC, where the regulatory environment is constantly evolving. For example, if changes to regulatory requirements and guidance require us to substantially amend clinical trial protocols, we may experience increased costs or inability to complete clinical trials in a timely manner or at all. Changes in government regulations relating to pharmaceutical product registrations and approvals, such as a relaxation in regulatory requirements, or the introduction of simplified approval procedures, could lower the barriers to entry for potential competitors, or increased regulatory requirements could increase the difficulty to satisfy such requirements. In recent years in the PRC, there have been, and will likely continue to be, efforts to enact administrative or legislative measures that include more rigorous coverage criteria and may result in downward pressure on prices on our product, ETUARY, and future products, if approved. For details of the risks associated with such downward pricing pressure, see " — Risks Related to Our Business Operations and Product Candidates — We may face pressure to lower the prices of our commercialized product, ETUARY, which is approved in the PRC, and any other future product, if approved, in order for such products to qualify for medical insurance reimbursement or due to market competition " in this Risk Factors section. Furthermore, any changes in laws and regulations on collection and transfer of personal data in the PRC, including the Personal Information Protection Law of the PRC and the Administrative Regulations on Human Genetic Resources of the PRC, could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes. The PRC government or other government authorities in countries where we plan to sell our commercialized product, ETUARY, and any other future products, if approved in the PRC, could adopt new or different regulations with respect to sales of pharmaceutical products to address bribery, corruption or other concerns. New or different regulations could result in increased costs incurred by us, our employees or distributors in selling our product, ETUARY, and future products, if approved, or impose restrictions on sales and marketing activities, which could, in turn, increase our costs. We are subject to evolving privacy and data protection laws, including HIPAA and the EU General Data Protection Regulation (EU) 2016 / 679 (" GDPR "). If we fail to protect personal information or comply with existing or future data protection regulations, our business, financial condition, results of operations and prospects may be materially** adversely affected. Numerous state and federal laws and regulations govern the collection, dissemination, use, privacy, confidentiality, security, availability, integrity, and other processing of personal information. HIPAA establishes a set of national privacy and security standards for the protection of protected health information (as defined in HIPAA) (" PHI ") by health plans, healthcare clearinghouses and certain healthcare providers, referred to as covered entities, and the business associates with whom such covered entities contract for services. HIPAA requires covered entities and business associates, such as ~~Catalyst~~ **us** , to develop and maintain policies with respect to the protection of, use and disclosure of electronic PHI, including the adoption of administrative, physical and technical safeguards to protect such information, and certain notification requirements in the event of a data breach. The collection and use of personal health data and other personal data in the EU is governed by the provisions of the GDPR, which came into force in May 2018, related data protection laws in individual EU Member States as well as implementations of the GDPR in the European Economic Area. The GDPR establishes a number of strict requirements and restrictions applicable to the processing (processing includes collecting, analyzing and transferring) of personal data (i. e., data which identifies an individual or from which an individual is identifiable) in particular with respect to health data from clinical trials and adverse event reporting. The GDPR includes requirements relating to the legal basis of the processing (such as consent of the individuals to whom the personal data relates), the information provided to the individuals

prior to processing their personal data, the notification obligations to the national data protection authorities and or data subjects (in particular in case of a data breach), and the security and confidentiality of the personal data. EU Member States may also impose additional requirements in relation to health, genetic and biometric data through their national legislation. Furthermore, it affords various rights to individuals (e. g., the right to access or erasure of personal data) ~~.~~ **,** and imposes potential penalties for breaches of up to 4 ~~. 0~~ % of the annual worldwide turnover or € 20 million, whichever is greater. In case of a breach of the GDPR, individuals (e. g., study subjects) may also have a right to compensation for financial or non- financial losses (e. g., distress). There may be circumstances under which a failure to comply with the GDPR, or the exercise of individual rights under the GDPR, would limit **our** ~~Catalyst' s~~ ability to utilize clinical trial data collected on study subjects. Furthermore, there is a growing trend towards the required public disclosure of clinical trial data in the EU, which adds to the complexity of obligations relating to processing health data from clinical trials. Such public disclosure obligations are provided in the new EU Clinical Trials Regulation (EU CTR), EMA disclosure initiatives and voluntary commitments by industry. Failing to comply with these obligations could lead to government enforcement actions and significant penalties, harm to reputation, and adversely impact the business and operating results. The uncertainty regarding the interplay between different regulatory frameworks, such as the CTR and the GDPR, further adds to the complexity. In addition, ~~Catalyst is~~ **we are** subject to various U. S. state laws which may require ~~Catalyst~~ **us** to modify ~~its~~ **our** data processing practices and policies and to incur substantial costs and expenses in an effort to comply. If ~~Catalyst~~ **we** ~~fails~~ **fail** to comply with environmental, health and safety laws and regulations, ~~Catalyst~~ **we** could become subject to fines or penalties or incur costs that could harm ~~its~~ **our** business. ~~Catalyst is~~ **Because our operations involve the use of hazardous chemical materials and may produce hazardous waste, we are** subject to numerous environmental, health and safety laws and regulations, including those governing ~~laboratory procedures~~ **air emissions, discharge of water** and the handling, use, storage, treatment and disposal of hazardous materials and wastes. **While we have entered into** ~~From time to time and in the future, its operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce~~ hazardous waste **disposal agreements** ~~products. Even if Catalyst contracts~~ with third parties for the disposal of these materials and ~~waste~~ **wastes** ~~products~~ , ~~Catalyst~~ **we** cannot ~~completely~~ eliminate the risk **of contamination or injury from these materials. In the event** of contamination or injury resulting from ~~these materials. In the event of contamination or injury resulting from~~ the use or disposal of ~~its~~ **our** hazardous materials, ~~Catalyst~~ **we** could be held liable for any resulting damages, and any liability could exceed ~~its~~ **our** resources. ~~Catalyst~~ **We** also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. ~~Catalyst~~ **Further, we do not** ~~maintains~~ **maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of hazardous materials and waste. We maintain** workers' compensation insurance to cover ~~Catalyst~~ **us** for costs and expenses ~~Catalyst~~ **we** may incur due to injuries to ~~its~~ **our** employees resulting from the use of hazardous materials, but this insurance may not provide adequate coverage against potential liabilities. However, ~~Catalyst does~~ **we do** not maintain insurance for environmental liability or toxic tort claims that may be asserted against ~~Catalyst~~ **us** . **We are** ~~In addition, Catalyst may incur substantial costs to comply with current or future environmental, health and safety laws and regulations. Current or future environmental laws and regulations may impair its research, development or production efforts that could adversely affect its business, financial condition, results of operations or prospects. In addition, failure to comply with these laws and regulations may result in substantial fines, penalties or other sanctions. Even if Catalyst receives regulatory approval of Catalyst' s product candidates, including Hydronidone, Catalyst will be~~ subject to extensive ongoing regulatory obligations and continued regulatory review **related to our commercialized product, ETUARY, which is approved in the PRC, and we may be subject to such obligations and review related to our future product candidates, if approved** , which may result in significant additional expense and ~~Catalyst~~ **we** may be subject to penalties if ~~Catalyst~~ **we** ~~fails~~ **fail** to comply with regulatory requirements or experience unanticipated problems with **our** ~~Catalyst' s~~ product candidates. ~~Any~~ **Our product, ETUARY, which is approved in the PRC, and any product candidates that are approved in the future remain subject to ongoing regulatory requirements for manufacturing, labeling, packaging, storage, distribution, advertising, promotion, sampling, record- keeping, conduct of post- marketing studies, and submission of safety, efficacy, and other post- market information, including requirements in the PRC, federal and state requirements in the United States and requirements of comparable foreign regulatory authorities, as described in " Business — Government Regulation " of this Annual Report. In addition,** regulatory approvals ~~that Catalyst may receive for Catalyst' s product candidates will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of the product candidate, including Hydronidone,~~ may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post- approval study or risk management requirements. For example, the FDA may require a REMS in order to approve **our** ~~Catalyst' s~~ product candidates, which could entail requirements for a medication guide, physician training and communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, **our commercialized product, ETUARY, which is approved in the PRC, and our product candidates,** if ~~the FDA or comparable foreign regulatory authorities approve~~ **approved** ~~Catalyst' s product candidates~~ , ~~Catalyst' s product candidates~~ and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, distribution, import and export will be subject to comprehensive regulation by the **NMPA,** FDA and other regulatory agencies in the **PRC,** United States and by comparable foreign regulatory authorities **, respectively** . These requirements include submissions of safety and other post- marketing information and reports, registration, as well as on- going compliance with cGMPs and GCPs for any clinical trials that ~~Catalyst~~ **we** ~~conducts~~ **conduct** following approval. ~~In addition, manufacturers~~ **Manufacturers** of drug products and their facilities are **also** subject to continual review and periodic, unannounced inspections by the **NMPA,** FDA and other regulatory authorities for compliance with cGMPs. In ~~connection~~ **addition, following an approval for commercial sale of any product candidates,**

certain changes to the product, such as changes in manufacturing processes and additional labeling claims, may be subject to additional review and approval by the NMPA, the FDA, and / or comparable regulatory authorities. If we fail to comply with **applicable regulatory requirements, or** ~~the~~ **there are safety or efficacy problems with a product, a regulatory agency or enforcement authority may, among other things: • issue warning or notice of violation letters; • impose civil or criminal penalties; • suspend or withdraw regulatory approval; • suspend any of our ongoing clinical studies; • refuse to approve pending applications or supplements to approved applications submitted by us; • impose restrictions on our** ~~preparation --- operations and audit~~ **, including closing our contract manufacturers' facilities; • seize or detain products, or require a product recall; or • require entry into a consent decree. Any government investigation** of **alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenue from our products. If regulatory sanctions are applied or if regulatory approval** ~~its~~ **is** ~~consolidated~~ **withdrawn, the value of our company and our operating results will be adversely affected. The PRC government has some oversight and discretion over the conduct of our business in the PRC and may intervene or influence our operations as the government deems appropriate to further regulatory, political and societal goals. The PRC government has recently published new policies that significantly affected certain industries such as the education and internet industries, and we cannot rule out the possibility that it will in the future release regulations or policies regarding our industry that could require us to seek permission from the PRC authorities to continue to operate our business in the PRC that could potentially affect our business,** financial **condition and results of operations. Furthermore, recent** statements **made by the PRC government, including the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law, and new rules published** for **comments by** the ~~year ended December~~ **PRC government, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises to become effective on March** 31, ~~2021~~ **2023** , **establish a new filing- based regime to regulate overseas offerings and listings by domestic companies. If we were to become subject to the direct intervention or influence of the PRC government at any time due to changes in laws or other unforeseeable reasons, it may require** a material **change** ~~weakness was identified~~ in ~~Catalyst~~ **our operations in the PRC. In addition, the risks that the PRC government may intervene or influence our operations in the PRC at any time could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. The pharmaceutical industry in the PRC is highly regulated and such regulations are subject to change, which may affect approval and commercialization of our product, ETUARY, and product candidates. The pharmaceutical industry in the PRC is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. For details of a discussion of regulatory requirements that are applicable to our current and planned business in the PRC, see " — Business — Regulatory Requirements in the PRC " in this Annual Report. We believe our strategy and approach are consistent with the PRC government** ' s ~~internal~~ **policies, but we cannot ensure that our strategy and approach will continue to be consistent. In recent years, the regulatory framework for the pharmaceutical industry in the PRC has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in: • increased compliance costs on our business; • delays in or prevention of successful development or commercialization of our product candidates; or • reduction of the current benefits we experience and believe are available to us from developing and manufacturing drugs in the PRC. The PRC authorities have also become increasingly vigilant in enforcing laws in the pharmaceutical industry, and any failure by us to maintain compliance with applicable laws and regulations may result in the suspension or termination of our business activities in the PRC. Adverse changes in political, economic and other policies of the PRC government could have a material adverse effect on the overall economic growth of the PRC, which could reduce the demand for our commercialized product, ETUARY, and any other future products, if approved, or otherwise materially and adversely affect our business, operations or competitive position. Our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in the PRC. The PRC' s economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange, allocation of resources and an evolving regulatory system. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources, but some of these measures may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government** control over ~~financial reporting~~ **capital investments or changes in tax regulations that are currently applicable to us** . ~~A material weakness~~ **Growth of the PRC economy has been uneven across different regions and among various economic sectors of the PRC, and there can be no assurance that future growth will be sustained at similar rates or at all. If the business environment or economic conditions in the PRC deteriorates from the perspective of domestic or international investment, our business may also be adversely affected. The PRC legal system** is a ~~deficiency~~ **civil law system based on written codes and statutes. Unlike the common law system** , **prior court decisions may be cited as persuasive authority, but have limited precedential value. Since the late 1970s, the PRC government has promulgated a comprehensive system of laws, rules and regulations governing economic matters in general. However, as these laws and regulations are relatively recent and the number of published decisions is limited, their interpretation and enforcement involve significant and certainties, and can be inconsistent and unpredictable. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we may experience compared to developed legal**

systems. These uncertainties may impede ~~or~~ our ~~combination of deficiencies~~ ability to enforce the contracts we have entered into and could materially and adversely affect our business , financial condition and results of operation. Furthermore, PRC laws and regulations afford significant protection to state- owned assets. Contributions that may lead to losses of state- owned assets are subject to heightened scrutiny by the competent authorities, and the competent authorities have significant discretion in interpreting and implementing the relevant laws and regulations. In the event we or our affiliates conduct transactions with state- owned enterprises or their affiliates, we are exposed to risks and uncertainties involving the potential of loss of state- owned assets, which may subject us to liabilities and could materially and adversely affect our business, financial condition and results of operation. The PRC legal system is based in part on government policies and internal rules, some ~~control over financial reporting such that there is a reasonable possibility that a material misstatement~~ of which are ~~its consolidated financial statements will~~ not published ~~be prevented or detected~~ on a timely basis or at all, and which may have a retroactive effect . ~~Catalyst~~ As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation. Implementation of the labor laws and regulations in the PRC may adversely affect our business and results of operations, and failure to fully comply with PRC labor- related laws may expose us to potential liabilities and penalties. Pursuant to the PRC Labor Contract Law, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and broad discretion of the local competent authorities, it is uncertain as to how the labor contract law and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the labor contract law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the labor contract law and its implementation rules may increase our operating expenses, in particular, our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the labor contract law and its implementation rules may also limit our ability to effect those changes in a desirable or cost- effective manner, which could adversely affect our business and results of operations. According to the Social Insurance Law, employees must participate in pension insurance, work- related injury insurance, medical insurance, unemployment insurance and maternity insurance, and the employers must, together with their employees or separately, pay the social insurance premiums for such employees. Recently, the PRC government enhanced its measures relating to social insurance collection, which may lead to stricter enforcement. We expect our labor costs to increase due to the implementation of these laws and regulations. Compliance with the Social Insurance Law and its implementation rules may increase our operating expenses, in particular, our personnel expenses. As the interpretation and implementation of these laws and regulations are still evolving, there can be no assurance that our employment practice policy will at all times be deemed to be in full compliance with labor- related laws and regulations in the PRC, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected. Fluctuations in exchange rates may result in foreign currency exchange losses. The change in the value of the Renminbi against other currencies may fluctuate and is affected by, among other things, changes in the PRC ' s political and economic conditions and the PRC' s foreign exchange policies, as well as supply and demand in the local market. We are exposed to the risks of market forces or government policies and their impact on the exchange rate between Renminbi or other currencies in the future. Substantially all of our revenue and costs are denominated in Renminbi and most of our financial assets are also denominated in Renminbi. Any significant fluctuations in the value of the Renminbi may materially and adversely affect our liquidity and cash flows and the value of our financial assets. Our operations are subject to and may be affected by changes in PRC tax laws and regulations. The PRC government from time to time adjusts or changes its tax laws and regulations, and future adjustments or changes to PRC tax laws and regulations, together with any uncertainty resulting therefrom, could have an adverse effect on our results of operations. Our product ETUARY, which is approved in the PRC, has been subject to a preferential VAT treatment at the tax rate of 3 %, applicable to a number of drugs for rare diseases, since March 2019. However, there can be no assurance that our applicable VAT rate will stay the same or decrease, and any future changes to the VAT policies may negatively impact the selling price of ETUARY and future approved product candidates. Furthermore, under the amended Individual Income Tax Law, foreign nationals who have no domicile in the PRC, but have resided in the PRC for a total of 183 days or more in a tax year, are subject to PRC individual income tax on their income gained within or outside the PRC. The amended Individual Income Tax Law may materially affect our ability to attract and retain highly skilled foreign scientists and research technicians to work in the PRC. We are also subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities, and there can be no assurance that any such examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation. We may be restricted from transferring our scientific data abroad or using human genetic resources collected in the PRC. On March 17, 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (the " Scientific Data Measures "), which provides a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, enterprises in the PRC must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Upon approval by the competent authorities, the enterprise shall undergo the required procedures, and enter into the confidentiality agreements with the users of the scientific data. Further, any researcher conducting research funded at least in part by the PRC government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be

published in any foreign academic journal. Given that the term " state secret " is not clearly defined, if and to the extent any data collected or generated in connection with our R & D of medical drug candidates are subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, there can be no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our pre- clinical studies or clinical trials conducted within the PRC) abroad or to our foreign partners in the PRC. As a result, we may be subject to fines and other administrative penalties imposed by those government authorities. In addition, pursuant to the Service Guide, the sampling, collection or research activities of human genetic resources through clinical trials is required to be filed online with the China Human Genetic Resources Management Office. Furthermore, the Administrative Regulations on Human Genetic Resources of the PRC (the " Human Genetic Resources Regulation ") stipulates that collecting human genetic resources of the PRC' s important genetic families and specific regions, or collecting those human genetic resources in such categories and quantities as prescribed by the administrative department for science and technology under the State Council, preserving the PRC' s human genetic resources and providing the basic platform for scientific research, utilization of the PRC' s human genetic resources for international cooperation in scientific research, as well as transporting the PRC' s ~~material~~ materials ~~weakness~~ of human genetic resources abroad shall be subject to the approval of the administrative department for science and technology under the State Council. If we are unable to obtain necessary approvals or comply with the regulatory requirements in a timely manner, or at all, our R & D of drug candidates may be hindered. If the relevant government authorities consider the transmission of our scientific data or collection and usage of human genetic resources to be in violation of the requirements under applicable PRC laws and regulations, we may be subject to fines and other administrative penalties imposed by those government authorities. Furthermore, it is possible that the regulation may be interpreted and applied in a manner that is inconsistent with our clinical trial practices, potentially resulting in the confiscation of human genetic resources samples and associated data and administrative fines. Due to our operations in the PRC, our business, results of operations and financial condition may be influenced to a certain degree by economic, political, legal and social conditions in the PRC or changes in government relations between the PRC and the United States or other governments. There is significant uncertainty about the future relationship between the United States and the PRC with respect to trade policies, treaties, government regulations and tariffs. the PRC' s economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC' s economy has experienced significant growth over the past four decades, growth has been uneven across different regions and among various economic sectors. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may have a negative effect on us. In addition, in the past, the PRC government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause a decrease in economic activity in the PRC, which may affect our business and results of operations. During the years ended December 31, 2023 and 2022, we directly and indirectly relied on certain overseas suppliers to obtain raw materials, and we have directly and indirectly relied on collaboration with entities in foreign countries and regions in connection with our business operations. We may also pursue partnerships with entities in foreign countries and regions in the future. our business is therefore subject to changing international economic, regulatory, social and political conditions, and local conditions in foreign countries and regions. As a result, the PRC' s political relationships with those foreign countries and regions may affect development and commercialization of our product, ETUARY, and product candidates. Additionally, the PRC' s political relationships with those foreign countries and regions may also affect our current and future relationships with third parties. There can be no assurance that our existing or potential collaborators will not alter their perception of us or their preferences as a result of adverse changes to the state of political relationships between the PRC and the relevant foreign countries or regions, and such alteration may cause a decline in the demand for our product, ETUARY, and future products, if approved, and adversely affect our business, financial condition, results of operations, cash flows and prospects. In July 2021, the PRC government provided new guidance on the PRC- based companies raising capital outside of the PRC, including through arrangements called variable interest entities (" VIEs "). In light of such developments, the SEC has imposed enhanced disclosure requirements on the PRC- based companies seeking to register securities with the SEC. Although we do not have a VIE structure, due to our operations in the PRC, any future PRC, U. S. or other rules and regulations that place restrictions on capital raising or other activities by companies with operations in the PRC could affect our business and results of operations. If the business environment in the PRC deteriorates from the perspective of domestic or international investment, or if relations between the PRC and the United States or other governments deteriorate, the PRC government may intervene with our operations and our business in the PRC and United States. Changes in U. S. and PRC regulations may impact our business, our operating results and our ability to raise capital. The U. S. government, including the SEC, has made statements and taken certain actions that led to changes to United States and international relations, and will impact companies with connections to the United States or the PRC, including imposing several rounds of tariffs affecting certain products manufactured in the PRC, imposing certain sanctions and restrictions in relation to the PRC and issuing statements indicating enhanced review of companies with certain operations based in the PRC. It is unknown whether and to what extent new legislation, executive orders, tariffs, laws or regulations will be adopted, or the effect that any such actions would have on companies with significant connections to the United States or to the PRC, our industry or on us. We conduct research activities and has business operations both in the United States and the PRC. Any unfavorable government policies on cross- border relations and / or international trade, including increased scrutiny on companies with certain operations based in the PRC, capital

controls or tariffs, may affect the competitive position of our drug product, generic drugs and product candidates, the hiring of scientists and other research and development personnel, the demand for our drug product, the import or export of raw materials in relation to drug development or our ability to raise capital, or prevent us from selling our drug product in certain countries. Furthermore, the SEC has issued statements primarily focused on companies with certain operations based in the PRC, such as us. For example, on July 30, 2021, Gary Gensler, Chairman of the SEC, issued a Statement on Investor Protection Related to Recent Developments in the PRC, pursuant to which Chairman Gensler stated that he has asked the SEC staff to engage in targeted additional reviews of filings for companies with certain operations based in the PRC. The statement also addressed risks inherent in companies with VIE structures. We do not have a VIE structure and are not in an industry that is subject to foreign ownership limitations by the PRC. However, it is possible that our periodic reports and other filings with the SEC may be subject to enhanced review by the SEC and this additional scrutiny could affect our ability to effectively raise capital in the United States. In response to the SEC' s July 30, 2021 statement, the China Securities Regulatory Commission (" CSRC ") announced on August 1, 2021 that " [i] t is our belief that Chinese and U. S. regulators shall continue to enhance communication with the principle of mutual respect and cooperation, and properly address the issues related to the ~~following~~ **supervision of the PRC- based companies listed in the U. S. so as to form stable policy expectations and create benign rules framework for the market. " While the CSRC will continue to collaborate " closely with different stakeholders including investors, companies, and relevant authorities to further promote transparency and certainty of policies and implementing measures, " it emphasized that it " has always been open to companies' choices to list their securities on international or domestic markets in compliance with relevant laws and regulations. " If any new legislation, executive orders, tariffs, laws and / or regulations are implemented, if existing trade agreements are renegotiated, if the U. S. or the PRC governments take retaliatory actions due to the recent U. S.- PRC tension or if the PRC government exerts more oversight and** control ~~deficiency: Catalyst did not design~~ **over securities offerings that are conducted in the United States, such changes could have** ~~and~~ **an** ~~maintain~~ **adverse** ~~effective~~ **effect** ~~controls related~~ **on our business, financial condition and results of operations, and our ability** to **raise capital. Compliance with** the **PRC' s new Data Security Law, Cyber Security Law, Cybersecurity** ~~review~~ **Review Measures, Personal Information Protection Law, regulations and guidelines relating to the multi- level protection scheme on cyber security and any other future laws and regulations may entail significant expenses and could affect our business. The PRC has implemented or will implement rules and is considering a number** of **additional proposals relating to data protection. The Data Security Law provides that the data processing activities must be conducted based on " data classification and hierarchical protection system " for the purpose of data protection and prohibits entities in the PRC from transferring data stored in the PRC to foreign law enforcement agencies or judicial authorities without prior approval by the PRC government. Additionally, the PRC' s Cyber Security Law and the Administrative Measures for the Hierarchical Protection of Information Security requires companies to take** certain ~~contracts~~ **organizational** , ~~including~~ **technical and administrative measures and** ~~the~~ **other necessary measures** ~~proper application of U. S. GAAP. Specifically, Catalyst did not design and maintain controls~~ to ~~properly review~~ **ensure the security of** ~~the~~ **their networks and data stored on** ~~retention bonuses granted to its employees in November 2021 after its reduction in workforce to assess the~~ **their networks.** ~~appropriate accounting treatment under~~ **Under** ~~U. S. GAAP. While Catalyst took steps to remediate~~ **the multi- level protection scheme (" MLPS "), entities operating information systems must have a thorough assessment of the risks and the conditions of** ~~the~~ **their** ~~material weakness, Catalyst cannot assure you~~ **information and network systems to determine the level of the entity' s information and network systems. These levels range from the lowest Level 1 to the highest Level 5 pursuant to a series of national standards on the grading and implementation of the classified protection of cyber security. The grading result will determine the set of security protection obligations** that **entities must comply with. Entities classified as Level 2 or above should report** the ~~measures Catalyst~~ **grade to the relevant government authority for examination and approval. Recently, the Cybersecurity Administration of China (" CAC ")** has taken **action against several PRC internet companies in connection with their initial public offerings on U. S. securities exchanges for alleged national security risks and improper collection and use of the personal information of PRC data subjects. According** to **the official announcement, the action was initiated based on the National Security Law, the Cyber Security Law and the Cybersecurity Review Measures, which are aimed at " preventing national data security risks, maintaining national security and safeguarding public interests. " Pursuant to the Revised CAC Measures, critical information infrastructure operators procuring network products and services, and online platform operators (as opposed to " data processors " in the Revised Draft CAC Measures) carrying out data processing activities which affect or may affect national security, shall conduct a cybersecurity review pursuant to the provisions therein. In addition, online platform operators possessing personal information of more than one million users seeking to be listed on foreign stock markets must apply for a cybersecurity review. On November 14, 2021, the CAC further published the Regulations on Network Data Security Management (Draft for Comment), or the Draft Management Regulations, under which data processors refer to individuals and organizations who determine the data processing activities in terms of the purpose and methods at their discretion. The Draft Management Regulations reiterate that data processors shall be subject to cybersecurity review if (i) they process personal information of more than one million persons and they are aiming to list on foreign stock markets or (ii) their data processing activities affect or may affect PRC national security. The Draft Management Regulations also request data processors seeking to list on foreign stock markets to annually assess their data security by themselves or through data security service organizations, and submit the assessment reports to relevant competent authorities. As the Draft Management Regulations are released only for public comment, the final version and the effective** date **thereof** ~~and may take in the future will prevent or avoid potential future material weakness. The effectiveness of its internal control over financial reporting~~ is subject to **change. As**

~~various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood~~ of **the date of this Annual Report, we have not received any notice from any PRC regulatory authority identifying us as a " critical information infrastructure operator, " " online platform operator " or " data processor, " or requiring us to go through the cybersecurity review procedures pursuant to the Revised CAC Measures and the Draft Management Regulations. Based on our understanding of the Revised CAC Measures, and the Draft Management Regulations if enacted as currently proposed, we do not expect to become subject to cybersecurity review by the CAC for issuing securities to foreign investors because: (i) the clinical and preclinical data we handle in our business operations, either by its nature or in scale, do not normally trigger significant concerns over PRC national security and (ii) we have not processed, and does not anticipate to process in the foreseeable** future ~~events~~ , **personal** ~~the possibility of human error and the risk of fraud. If Catalyst is unable to record, process and report financial~~ information ~~accurately, and to prepare financial statements within the time periods specified by the forms~~ -- **for** ~~of~~ **more than one million users or persons. However,** ~~the~~ **there** ~~SEC~~ **remains uncertainty as to how the Revised CAC Measures** , ~~Catalyst could~~ **and the Draft Management Regulations, if enacted as currently proposed, will be interpreted or implemented. Furthermore, there remains uncertainty as to whether the PRC regulatory authorities may adopt new laws, regulations, rules, or detailed implementation and interpretation in relation, or in addition, to the Revised CAC Measures and the Draft Management Regulations. While we intend to closely monitor the evolving laws and regulations in this area and take all reasonable measures to mitigate compliance risks, we cannot guarantee that our business and operations will not** be adversely affected **by the potential impact of the Revised CAC Measures, the Draft Management Regulations or other laws and regulations related to privacy, data protection and information security. Furthermore, the Personal Information Protection Law provides a comprehensive set of data privacy and protection requirements that apply to the processing of personal information and expands data protection compliance obligations to cover the processing of personal information of persons by organizations and individuals in the PRC, and the processing of personal information of persons in the PRC outside of the PRC if such processing is for purposes of providing products and services to, or analyzing and evaluating the behavior of, persons in the PRC. The Personal Information Protection Law also provides that critical information infrastructure operators and personal information processing entities who process personal information meeting a volume threshold to be set by PRC cyberspace regulators are also required to store in the PRC personal information generated or collected in the PRC, and to pass a security assessment administered by PRC cyberspace regulators for any export of such personal information. Lastly, the Personal Information Protection Law contains proposals for significant fines for serious violations of up to approximately $ 7. 2 million or 5 % of annual revenues from the prior year and may also be ordered to suspend any related activity by competent authorities. We do not maintain, nor do we intend to maintain in the future, personally identifiable health information of patients in the PRC. Interpretation, application and enforcement of these laws, rules and regulations evolve from time to time and their scope may continually change, through new legislation, amendments to existing legislation or changes in enforcement. Compliance with the PRC' s new Cyber Security Law and Data Security Law could significantly increase the cost to us of providing our service offerings, require significant changes to our operations or even prevent us from providing certain service offerings in jurisdictions in** which ~~,~~ **we currently operate or** in ~~turn,~~ **which we** may **operate in the future. Despite our efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that our practices, offerings or platform could fail to meet all of the requirements imposed on us by the Cyber Security Law, the Data Security Law and / or related implementing regulations. Any failure on our part to comply with such law or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage our reputation, discourage new and existing counterparties from contracting with us or result in investigations, fines, suspension or other penalties by PRC government authorities and private claims or litigation, any of which could** adversely affect **our business, financial condition and results of operations. Even if our practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm our reputation and brand and adversely affect our business, financial condition and results of operations. Moreover, the legal uncertainty created by the Data Security Law, the Revised CAC Measures and the recent PRC government actions could adversely affect our ability, on favorable terms, to raise capital. Restrictions on currency exchange, including the risks of transferring cash outside of the PRC, may limit Gyre Pharmaceuticals' ability to receive and use effectively financing in foreign currencies or Gyre Therapeutics' ability to transfer cash from Gyre Pharmaceuticals or other potential investors in the PRC. Gyre Pharmaceuticals' ability to obtain currency exchange is subject to significant foreign exchange controls and, in the case of transactions under the capital account, requires the approval of and / or registration with PRC government authorities, including the State Administration of Foreign Exchange, or SAFE. In particular, if Gyre Pharmaceuticals finances by means of foreign debt from BJC Limited or other foreign lenders, the amount is not allowed to, among other things, exceed the statutory limits and such loans must be registered with the local branch of SAFE. If Gyre Pharmaceuticals finances by means of additional capital contributions, these capital contributions are subject to registration with the State Administration for Market Regulation or** its **local branch, reporting of foreign investment information with the MOFCOM, or its local branch or registration with other governmental authorities in the PRC. In light of the various requirements imposed by PRC** ~~reputation~~ **regulations on loans to,** and **direct investment in, PRC- based entities by offshore holding companies, there can be no assurance that Gyre Pharmaceuticals will be able to complete the necessary government requirements or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans or capital contributions by Gyre**

Pharmaceuticals. If Gyre Pharmaceuticals fails to adhere to such requirements or obtain such approval, Gyre Pharmaceuticals' ability to capitalize or otherwise fund Gyre Pharmaceuticals' PRC operations, including Gyre Pharmaceuticals' technology development may be negatively affected, which could materially and adversely affect Gyre Pharmaceuticals' ability to fund and expand Gyre Pharmaceuticals' business **. Gyre Therapeutics may not be able to transfer funds out of Gyre Pharmaceuticals, or Gyre Therapeutics might face difficulties in transferring funds from investors in the PRC should Gyre Therapeutics decide to solicit investments from investors in the PRC, in a timely manner due to restrictions imposed by the PRC authorities. PRC regulations relating to the establishment of offshore special purpose companies by residents in the PRC may subject our PRC resident beneficial owners in the PRC to liability or penalties, or may otherwise adversely affect us. The Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37 requires residents of the PRC to register with local branches of SAFE in connection with their direct establishment or indirect control of ~~and~~ an offshore entity, for the purpose of overseas investment and financing, with such residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a " special purpose vehicle. " The term " control " under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision- making rights acquired by residents of the PRC in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or ~~the~~ other ~~market price~~ arrangements. SAFE Circular 37 further requires amendment to the registration in the event** of **any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC residents, share transfer or exchange, merger, division or other material events. If the shareholders of the offshore holding company who are residents of the PRC do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from making distributions of profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore parent company and from carrying out subsequent cross- border foreign exchange activities, and the offshore parent company may be restricted in** its ~~common~~ **ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. Certain residents of the PRC may hold direct or indirect interests in our company, and we will request residents of the PRC who we know hold direct or indirect interests in our company, if any, to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not at all times be fully aware or informed of the identities of our stockholders or beneficial owners that are required to make such registrations, and we cannot provide any assurance that these residents will comply with our requests to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our PRC resident stockholders to comply with the registration procedures set forth in these regulations may subject us to fines or legal sanctions, restrictions on our cross- border investment activities. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to make distributions to you could be materially and adversely affected. Any failure to comply with PRC regulations regarding the registration requirements for our employee equity incentive plans may subject us to fines and other legal or administrative sanctions, which could adversely affect our business, financial condition and results of operations. Pursuant to the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, or the Stock Option Rules and other relevant rules and regulations, PRC citizens or non- PRC citizens residing in the PRC for a continuous period of not less than one year who participate in any** stock **incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. Our employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who participate in our stock incentive plans will be subject to such regulation. We plan to assist our employees to register their equity awards. However, any failure of PRC individual beneficial owners and holders of equity awards under our stock incentive plans to comply with the SAFE registration requirements may subject them to fines and legal sanctions. Since Gyre Pharmaceuticals is a legal entity registered in Beijing, PRC, it is classified as a PRC tax resident for PRC income tax purposes by default, and such classification results in unfavorable tax consequences to Gyre Pharmaceuticals and its non- PRC shareholders. Under Article 2 of the PRC Enterprise Income Tax Law, a resident enterprise is an enterprise that is established within the territory of the PRC or an enterprise established with a " de facto management body " within the PRC. Gyre Pharmaceuticals is a PRC tax resident for PRC tax purposes by default because it is a legal entity registered in Beijing, PRC. Because Gyre Pharmaceuticals is a PRC tax resident for PRC enterprise income tax purposes, Gyre Pharmaceuticals is subject to PRC tax at a rate of 25 % on its world- wide income, which materially reduces Gyre Pharmaceuticals' net income** . In addition, **Gyre Pharmaceuticals is also subject to PRC tax resident income tax reporting obligations. Furthermore, because Gyre Pharmaceuticals is a PRC tax resident for enterprise income tax purposes, gains realized on the Contributions may be subject to PRC tax, at a rate of 10 % in the case of non- PRC enterprises or 20 % in the case of non- PRC individuals (in each case, subject to the provisions of** any **applicable tax treaty), if** such ~~failures could~~ **gains are deemed to be from PRC sources. Gyre Pharmaceuticals and its shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a PRC establishment of a non- PRC company, or other assets attributable to a PRC establishment of a non- PRC company.**

Enhanced scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential offshore restructuring transactions or sales of the shares of Gyre Pharmaceuticals' offshore holding companies or investments where PRC taxable assets are involved. The PRC tax authorities have enhanced their scrutiny over the direct or indirect transfer of certain taxable assets, including, in particular, equity interests in a PRC resident enterprise, by a non- resident enterprise by promulgating and implementing Notice of Ministry of Finance and State Administration of Taxation (" SAT ") on Several Issues relating to Treatment of Corporate Income Tax Pertaining to Restructured Business Operations of Enterprises (" Circular 59 ") and the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non- PRC Resident Enterprises (" Circular 698 "). Pursuant to the Bulletin on Issues of Enterprise Income Tax and Indirect Transfers of Assets by Non- PRC Resident Enterprises (" Bulletin 7 ") an " indirect transfer " of assets, including equity interests in a PRC resident enterprise, by non- PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result **, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, " PRC taxable assets " include assets attributed to an establishment** in ~~litigation or regulatory actions~~ **the PRC, immoveable properties located in the PRC, and equity investments in PRC resident enterprises, in respect of which gains from their transfer** by **a direct holder, being a non- PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether** ~~the~~ **there** ~~SEC~~ **is a " reasonable commercial purpose " of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in the PRC or if its income mainly derives from the PRC; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25 %. Where the underlying transfer relates to the immoveable properties located in the PRC or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non- resident enterprise, a PRC enterprise income tax at 10 % would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. Bulletin 7 may be determined by the tax authorities to be applicable to some of Gyre Pharmaceuticals' offshore restructuring transactions or sales of the shares of Gyre Pharmaceuticals' offshore holding companies or investments where PRC taxable assets are involved. The transferors and the transferees may be subject to tax filing or withholding and tax payment obligations, while Gyre Pharmaceuticals may be requested to assist in such filings. Furthermore, the transferors or the transferees (as withholding agent) may be required to spend valuable resources to comply with Bulletin 7 or to establish that the transferors should not be taxed under Bulletin 7, for Gyre Pharmaceuticals' previous and future restructuring or disposal of shares of Gyre Pharmaceuticals' offshore subsidiaries. The PRC tax authorities have the discretion under Bulletin 7 to adjust the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities adjust the taxable income of the transactions under Bulletin 7, income tax costs on the transferor side associated with such potential acquisitions or disposals will increase. Gyre Pharmaceuticals faces uncertainties on the reporting and consequences on future private equity financing transactions, share exchange** or other ~~regulatory~~ **transactions involving the transfer of shares in Gyre Pharmaceuticals by investors that are non- PRC resident enterprises. The PRC tax** authorities **may pursue such non- resident enterprises with respect to a filing or the transferees with respect to withholding obligation** , ~~loss of investor confidence~~ **and request Gyre Pharmaceuticals to assist in the filing. As a result** , ~~delisting~~ **non- resident enterprises in such transactions may become at risk** of **being subject to filing obligations or being taxed, under Circular 59 or Bulletin 7 and Bulletin 37, and may be required to expend valuable resources to comply with Circular 59, Bulletin 7 and Bulletin 37 or to establish that** its ~~securities~~ **non- resident enterprises should not be taxed under these circulars. The PRC tax authorities have the discretion under SAT Circular 59, Bulletin 7** and ~~harm~~ **Bulletin 37** to **adjust the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. Although Gyre Pharmaceuticals currently has no plans to pursue any acquisitions in the PRC or elsewhere in the world, Gyre Pharmaceuticals may pursue acquisitions in the future that may involve complex corporate structures. Because Gyre Pharmaceuticals** ~~its~~ **is** ~~reputation~~ **a PRC tax resident by default, and if the PRC tax authorities adjust the taxable income of the transactions under SAT Circular 59 or Bulletin 7 and Bulletin 37, Gyre Pharmaceuticals' income tax costs associated with such potential acquisitions will be increased, which may have** ~~and~~ **an adverse effect on Gyre Pharmaceuticals'** financial condition ~~, or diversion of financial~~ and **results of** ~~management resources from the operation~~ **operations** ~~of its business~~ . Risks Related to Commercialization of ~~Catalyst' s~~ **Our Product and** Product Candidates **We** ~~Even if any of its product candidates receives marketing approval, Catalyst~~ may fail to achieve the degree of market acceptance by physicians, patients, third- party payors and others in the medical community necessary for commercial success. If any of ~~its~~ **our** product candidates receives

marketing approval, ~~Catalyst~~ **we** may nonetheless fail to gain sufficient market acceptance by physicians, patients, third- party payors and others in the medical community. For example **, to date, no anti- fibrosis product for the treatment of pneumoconiosis has been approved in the PRC, and doctors may not accept or use ETUARY as a treatment for pneumoconiosis even if ETUARY receives marketing approval for such indication. Similarly** , to date, no specific therapeutic drugs treating HBV- associated liver fibrosis have been approved worldwide, and doctors may not accept or use ~~Hydronidone~~ **F351** as a treatment for liver fibrosis even if ~~Hydronidone~~ **F351** receives marketing approval. If ~~its~~ **our** product candidates do not achieve an adequate level of acceptance, ~~Catalyst~~ **we** may not generate significant product revenues ~~and Catalyst may not become profitable~~ **from or receive any return on our investment in any such product candidates** . The degree of market acceptance of ~~its~~ **our** product candidates, if approved for commercial sale, will depend on several factors, including: • ~~The~~ **the** efficacy and safety profile of ~~Hydronidone~~ **our product candidates, including ETUARY and F351,** compared with other competitor anti- fibrosis treatments ~~;~~ **;** • **our** ~~Catalyst' s~~ ability to offer ~~its~~ **our product, ETUARY, and future** products **, if approved,** for sale at competitive prices ; • the convenience of TID dosing compared with alternative treatments ~~;~~ **;** • patient understanding of NASH and associated fibrosis and its progressive nature and need for treatment; • improvement of confirmatory- diagnosis and monitoring of NASH and associated fibrosis; • the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies ; • the strength of marketing and distribution support ; • the availability of third- party coverage and adequate reimbursement ; • the prevalence and severity of any side effects ; and • any restrictions on the use of **our product, ETUARY, which** ~~its~~ **is approved in the PRC, and future** products **, if approved,** together with other medications. ~~Catalyst' s~~ **For details related to risks regarding market acceptance of our commercialized product, ETUARY, which is approved in the PRC, see " — There is a risk that our marketed product in the PRC, ETUARY, along with any other products that may receive approval in the future, may not attain sufficient market acceptance among physicians, healthcare facilities, pharmacies, patients, third- party payers, and the broader medical community, which is crucial for their commercial viability. " Many of our product candidates are years away from regulatory approval. Our** development candidates are not expected to be commercially available for several years, if at all. Further, the commercial success of product candidates will depend upon its acceptance by physicians, individuals, third- party payors and other key decision- makers as a therapeutic and cost- effective alternative to products available at the time, which may include competing products currently under development by others. See the risk factor titled " — ~~Catalyst~~ **We** ~~faces~~ **face** substantial competition that may result in others discovering, developing or commercializing products before or more successfully than ~~Catalyst does~~ **we do** . " If ~~Catalyst is~~ **we are** unable to successfully develop, obtain regulatory approval in a timely manner (including due to reasons that are beyond ~~its~~ **our** control, such as changes in regulations or a shutdown of the federal government, including the FDA) and commercialize ~~its~~ **our** development candidates, ~~its~~ **our** ability to generate revenue from product sales ~~will~~ **with respect to any product candidates that ultimately obtain approval may** be ~~significantly~~ delayed and ~~its~~ **our** business ~~will~~ **, growth and financial prospectus may** be materially and adversely affected **. For instance** , ~~and Catalyst may not~~ **no anti- fibrosis product for the treatment of pneumoconiosis has been approved in the PRC. Although ETUARY is approved in the PRC for the treatment of IPF, we cannot** be ~~able to earn sufficient revenues to continue~~ **certain that the NMPA, FDA or other comparable regulatory authority will approve ETUARY for the treatment of other indications, such** as **pneumoconiosis** ~~a going concern~~ . ~~The~~ **In addition, the** regulatory authorities in the **PRC,** United States and the EU have not approved any products for the treatment of NASH, and while there are guidelines issued by the **NMPA and** FDA for the development of drugs for the treatment of NASH and an **NMPA and** FDA surrogate endpoint table for drug approval, **respectively,** it is unclear whether the requirements for approval will change in the future or whether the **NMPA or** FDA will rely on regulatory precedent for future regulatory approvals. Any such changes may require ~~Catalyst~~ **us** to conduct new trials that could delay ~~its~~ **our** timeframe and increase the costs of our programs related to ~~Hydronidone~~ **F351** or any future product candidate for the treatment of NASH. In addition, ~~Catalyst~~ **we** cannot be certain which efficacy endpoints or presentation thereof clinical or regulatory agencies may require in a Phase 3 clinical trial of NASH or for approval of **our** ~~Catalyst' s~~ product candidates. Even if the **NMPA,** FDA or other regulatory agency approves ~~its~~ **our** product candidates, the approval may impose significant restrictions on the indicated uses, conditions for use, labeling, advertising, promotion, marketing and / or production of such product and may impose ongoing commitments or requirements for post- approval studies, including additional research and development and clinical trials. The **NMPA,** FDA and other agencies also may impose various civil or criminal sanctions for failure to comply with regulatory requirements, including withdrawal of product approval. Regulatory approval from authorities in foreign countries will be needed to market ~~its~~ **our** product candidates in those countries. Approval by one regulatory authority does not ensure approval by regulatory authorities in other jurisdictions. **For example, ETUARY is approved for the treatment of pulmonary fibrosis in the PRC but may not be approved in any other jurisdiction, such as the United States, for such indication.** If ~~Catalyst~~ **we** ~~fails~~ **fail** to obtain approvals from foreign jurisdictions, the geographic market for ~~its~~ **our** product candidates would be limited **. We face substantial competition that may result in others discovering, developing, commercializing or marketing products, including our commercialized product, ETUARY, which is approved in the PRC, before or more successfully than we do** . The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition, and a strong emphasis on proprietary products. ~~Catalyst~~ **We** ~~faces~~ **face** potential competition from many different sources, including major pharmaceutical, specialty pharmaceutical and biotechnology companies, academic institutions and governmental agencies, and public and private research institutions. Any product candidates that ~~Catalyst~~ **we** successfully ~~develops~~ **develop** and ~~commercializes~~ **commercialize** will compete with existing therapies and new therapies that may become available in the future. Although there are no currently approved therapeutic drug treatments for liver fibrosis, several companies are developing product candidates in clinical studies. ~~Catalyst~~ **For details, see " — Business — Competition " in this Annual Report. We** ~~faces~~ **face** competition with respect to **our** ~~Catalyst' s~~ current **product, generic drugs and** product candidates and will face

competition with respect to any future product candidates from segments of the pharmaceutical, biotechnology and other related industries that pursue targeted therapies for patients with **organ fibrosis, such as IPF,** NASH **, SSc- ILD, DM- ILD, pneumoconiosis, DKD, ALF / ACLF or COPD** . If ~~Hydronidone~~ **ETUARY, F351, F573, F528, F230, or** ~~or~~ **our** ~~Catalyst' s~~ future product candidates do not offer sustainable advantages over competing products, ~~Catalyst~~ **we** may ~~otherwise~~ not be able to successfully compete against current and future competitors. **Our** ~~Catalyst' s~~ competitors may obtain regulatory approval of their products more rapidly than ~~Catalyst~~ **we** may or may obtain patent protection or other intellectual property rights that limit **our** ~~Catalyst' s~~ ability to develop or commercialize **our** ~~Catalyst' s~~ product candidates. **Our** ~~Catalyst' s~~ competitors may also develop drugs that are more effective, more convenient, more widely used and less costly or have a better safety profile than ~~Catalyst' s~~ **our product, ETUARY, which is approved in the PRC, and future** products **, if approved,** and these competitors may also be more successful than ~~Catalyst~~ **us** in manufacturing and marketing their products. **Our** ~~In addition, Catalyst will likely need to develop Catalyst' s product candidates in collaboration with companion diagnostic companies, and Catalyst will face competition from other companies in establishing these future collaborations. Catalyst' s~~ commercial opportunity in different indications could be reduced or eliminated if competitors develop and market products or therapies that are more convenient to use, more effective, less expensive, and safer to use than ~~its~~ **our product, ETUARY, and future** products **, if approved** . Furthermore, if competitors gain **NMPA,** FDA **or other foreign regulatory authority** approval earlier than ~~Catalyst does~~ **we do** , ~~Catalyst~~ **we** may be unable to establish a strong market presence or to gain market share. The key competitive factors affecting the success of all ~~its~~ **our** product candidates, if approved, are likely to be their efficacy, safety, convenience, price, the level of generic competition, and the availability of reimbursement from government and other third-party payors. **Our** ~~Catalyst' s~~ product candidates, if any are approved, may compete with these existing drug and other therapies but may not be competitive with them in price. ~~Catalyst~~ **We** ~~expects~~ **expect** that if **our** ~~Catalyst' s~~ product candidates are approved, they will be priced at a significant premium over competitive generic, including branded generic, products. As a result, obtaining market acceptance of, and gaining significant share of the market for, any of **our** ~~Catalyst' s~~ product candidates that ~~Catalyst~~ **we** successfully ~~introduces~~ **introduce** to the market will pose challenges. Many of the companies against which ~~Catalyst is~~ **we are** competing or against which ~~Catalyst~~ **we** may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than ~~Catalyst does~~ **we do** . Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of ~~its~~ **our** competitors. Smaller or early- stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with ~~Catalyst~~ **us** in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and individual registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, ~~its~~ **our** programs. ~~Even~~ **Our commercialized product, ETUARY, which is approved in the PRC, and any other future product,** if **approved** ~~Catalyst commercializes any product candidates~~ , ~~the products~~ may become subject to unfavorable pricing regulations, third-party reimbursement practices or healthcare reform initiatives that would harm ~~its~~ **our** business. The regulations that govern marketing approvals, pricing, coverage and reimbursement for new drug products vary widely from country to country. Current and future legislation may significantly change the approval requirements in ways that could involve additional costs and cause delays in obtaining approvals. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or product licensing approval is granted. In some foreign markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, ~~Catalyst~~ **we** may obtain marketing approval for a product in a particular country, but then be subject to price regulations that delay ~~its~~ **our** commercial launch of the product, possibly for lengthy time periods, and negatively impact the revenues ~~Catalyst is~~ **we are** able to generate from the sale of the product in that country. Adverse pricing limitations may hinder ~~its~~ **our** ability to recoup ~~its~~ **our** investment in one or more product candidates, even if ~~its~~ **our** product candidates obtain marketing approval. **Our** ~~Catalyst' s~~ ability to commercialize any product candidates successfully also will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third- party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels. A primary trend in the U. S. healthcare industry and elsewhere is cost containment. Government authorities and third- party payors have attempted to control costs by limiting coverage and the amount of reimbursement for certain medications. Increasingly, third- party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Coverage and reimbursement may not be available for any product that ~~Catalyst~~ **we or** ~~or~~ **our** ~~its~~ collaborators commercialize and, even if these are available, the level of reimbursement may not be satisfactory. Reimbursement may affect the demand for, or the price of, any product candidate that receives marketing approval. Obtaining and maintaining adequate reimbursement for ~~its~~ **our** products may be difficult. ~~Catalyst~~ **We** may be required to conduct expensive pharmaco- economic studies to justify coverage and reimbursement or the level of reimbursement relative to other therapies. If coverage and adequate reimbursement are not available or reimbursement is available only to limited levels, ~~Catalyst~~ **we** may not be able to successfully commercialize any product candidate for which ~~Catalyst~~ **we** ~~obtains~~ **obtain** marketing approval. There may be significant delays in obtaining reimbursement for newly approved drugs, and coverage may be more limited than the purposes for which the drug is approved by the **NMPA,** FDA or similar regulatory authorities outside the **PRC and** United States. Moreover, eligibility for reimbursement does not imply that a drug will be paid for in all cases or at a rate that covers its costs, including research, development, manufacture, sale and distribution. Interim reimbursement levels for new drugs, if applicable, may also not be sufficient to cover its costs and may not be made permanent. Reimbursement rates may vary according to the use of the drug and the clinical setting in which it is used,

may be based on reimbursement levels already set for lower cost drugs and may be incorporated into existing payments for other services. Net prices for drugs may be reduced by mandatory discounts or rebates required by government healthcare programs or private payors and by any future relaxation of laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the **PRC or** United States. Third- party payors often rely upon Medicare coverage policy and payment limitations in setting their own reimbursement policies. **Our** ~~Catalyst' s~~ inability to promptly obtain coverage and adequate reimbursement rates from both government- funded and private payors for any approved products that it develops could have a material adverse effect on ~~its~~ **our** operating results, ability to raise capital needed to commercialize products and overall financial condition **. The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for new or current products could limit our ability to market those products in the United States and decrease our ability to generate revenue** . The availability and extent of reimbursement by governmental and private payors is essential for most patients to be able to afford expensive treatments **in the United States** . Sales of **our** ~~Catalyst' s~~ product candidates will depend substantially, both domestically **in the United States** and abroad, on the extent to which the costs of ~~its~~ **our** product candidates will be paid by health maintenance, managed care, pharmacy benefit and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers and other third- party payors. If reimbursement is not available, or is available only to limited levels, ~~Catalyst~~ **we** may not be able to successfully commercialize ~~its~~ **our** product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow ~~Catalyst~~ **us** to establish or maintain pricing sufficient to realize a sufficient return on ~~its~~ **our** investment. There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. Moreover, increasing efforts by governmental and third- party payors, in the United States and abroad, to cap or reduce healthcare costs may cause such organizations to limit both coverage and level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for ~~its~~ **our** product candidates. ~~Catalyst~~ **We** ~~expects~~ **expect** to experience pricing pressures in connection with the sale of any of ~~its~~ **our** product candidates, due to the trend toward managed healthcare, the increasing influence of health maintenance organizations and additional legislative changes. The downward pressure on healthcare costs in general has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. Risks Related to **Our** ~~Catalyst' s~~ Common Stock The ~~trading~~ **market** price of ~~Catalyst~~ **our** ~~Common~~ **common** ~~Stock~~ **stock could be subject to** ~~has historically been highly volatile and there have been~~ significant ~~periods~~ **fluctuations. Some** of ~~time in which~~ **the factors that may cause the market price of our common stock to fluctuate include: • timing and results of INDs, preclinical studies and clinical trials of our product candidates, or those of our competitors or our existing or future collaborators; • the success of competitive products or announcements by potential competitors of their product development efforts; • failure to meet or exceed financial and development projections we may provide to the public; • failure to meet or exceed the financial and development projections of the investment community; • if we do not achieve the perceived benefits of the Contributions as rapidly or to the extent anticipated by financial or industry analysts; • announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by us or our competitors; • actions taken by regulatory agencies with respect to our product, product candidates, clinical studies, manufacturing process or sales and marketing terms; • disputes or other developments relating to proprietary rights, including patents, litigation matters and our ability to obtain patent protection for our technologies; • additions or departures of key personnel; • lawsuits, including patent or stockholder litigation; • if securities or industry analysts do not publish research or reports about our business, or if** ~~the~~ **they issue adverse or misleading opinions regarding our business and stock; • changes in the market valuations of similar companies; • geo- political developments, general market or macroeconomic conditions including inflation and interest rates; • market conditions in the pharmaceutical and biotechnology sectors; • changes in the structure of healthcare payment systems; • announcement of expectation of additional financing efforts; • sales of securities by us or our securityholders in the future; • if we fail to raise an adequate amount of capital to fund our operations and continued development of our product candidates; •** trading volume of ~~its~~ **our** common stock ~~has been low~~ **; • publicity or announcements by competitors of new commercial products** , ~~which can contribute~~ **clinical progress or lack thereof, significant contracts, commercial relationships or capital commitments; • the impact of any natural disasters or public health emergencies; • the introduction of technological innovations or new products or product candidates that compete with our product, ETUARY, and product candidates and our services; and • period-** to ~~volatility~~ **- period fluctuations** in ~~price~~ **our financial results** . ~~Additionally~~ **Moreover** , the stock ~~market~~ **markets** in general ~~has experienced extreme price and volume fluctuations. The market prices of securities of pharmaceutical, biopharmaceutical and biotechnology companies in particular have been extremely volatile and~~ have experienced ~~fluctuations~~ **substantial volatility** that ~~have~~ **has** often been unrelated ~~or disproportionate~~ to **the** operating performance **of individual companies** . ~~Factors giving rise to this~~ **These broad market fluctuations may also adversely affect the trading price of our common stock. In addition, macroeconomic conditions, a recession, depression or other sustained adverse market event or otherwise could materially and adversely affect our business and the value of our common stock. In the past, following periods of** volatility ~~may include: • disclosure of clinical trial results; • regulatory or political developments~~ in ~~both the United States and abroad ; • developments concerning proprietary rights, including patents and litigation matters ; • disclosure of new collaborations or other~~ -- **the** ~~strategic transactions ; • public concern about the safety or efficacy of product candidates or technology, their components, or related technology or new technologies generally ; • public announcements by competitors or others regarding new products or new product candidates ; and • general~~ market **price of a company** ~~conditions and comments by securities analysts and investors. Catalyst~~ ' s **securities, stockholders have often instituted class action securities litigation against such companies. Furthermore, market volatility may lead to increased shareholder activism if we experience a market valuation that activists believe is not reflective of our intrinsic value. Activist campaigns that contest**

or conflict with our strategic direction or seek changes in the composition of our board of directors could have an adverse effect on our operating results and financial condition. Fluctuations in operating results could adversely affect the price of our common stock. Our operating results are likely to fluctuate significantly from quarter to quarter and year to year. These fluctuations could cause ~~its~~ **our** stock price to decline. Some of the factors that may cause operating results to fluctuate on a period- to- period basis include the scope, progress, duration results and costs of preclinical and clinical development programs, as well as non- clinical studies and assessments of product candidates and programs, restructuring costs, implementation or termination of collaboration, licensing, manufacturing or other material agreements with third parties, non-recurring revenue or expenses under any such agreement, the cost, timing and outcomes of regulatory compliance, approvals or other regulatory actions **, the likelihood of regulatory approval, failure of regulators to grant regulatory approval** and general and industry- specific economic conditions, particularly as it affects the pharmaceutical, biopharmaceutical or biotechnology industries in the **PRC or** United States. Period- to- period comparisons of ~~its~~ **our** historical and future financial results may not be meaningful, and investors should not rely on them as an indication of future performance. Fluctuating losses may fail to meet the expectations of securities analysts or investors. Failure to meet these expectations may cause the price of ~~its~~ **our** common stock to decline. ~~Catalyst' s~~ **Sales of a significant number of shares of our common stock in the public markets, or the perception that such sales could occur, could depress the market price of our common stock. Our** current trading volumes are modest, and sales of a substantial number of shares of ~~its~~ **our** common stock in the public market, or the perception that these sales could occur, could cause the market price to decline. ~~Catalyst has effective registration statements on Form S- 3 that enables Catalyst to sell up to $ 150. 0 million of securities in one or more offerings, subject to limitations under applicable SEC rules, including up to $ 50. 0 million of common stock issuable under its Equity Distribution Agreement with Piper Sandler & Co.~~ Any additional sales in the public market of ~~its~~ **our** common stock or other securities under these shelf registration statements could adversely affect prevailing market prices for ~~its~~ **our** common stock. In addition, ~~Catalyst has~~ **we have** outstanding options to purchase ~~8~~ **18** , ~~678~~ **280** , ~~767~~ **548** shares of common stock at a weighted average exercise price of $ 1. ~~42~~ **49** as of December 31, ~~2022~~ **2023** . If such options are exercised and the shares are sold into the open market, such sales also might make it more difficult for ~~Catalyst~~ **us** to sell equity securities in the future at a time and at a price that ~~Catalyst~~ **we** ~~deems~~ **deem** appropriate. Conversion or exercise of these securities into shares of ~~its~~ **our** common stock will cause dilution to the other holders of ~~its~~ **our** common stock, and all such stock may be sold in the public market after conversion or exercise, subject to restrictions under the securities laws, which may lead to a decline in the market price of ~~its~~ **our** common stock. ~~Catalyst is~~ **Provisions in our certificate of** ~~incorporated~~ **incorporation and bylaws and** ~~in Delaware. Anti- takeover~~ provisions ~~of Delaware law and its charter documents may make a change in control or efforts to remove management more difficult. Also,~~ under Delaware law ~~, its board~~ **could make an acquisition** of ~~directors~~ **the Company, which** may ~~adopt additional anti-takeover measures~~ **be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our management** . ~~The existence~~ **Provisions that will be included in our certificate** of **incorporation and bylaws may discourage, delay or prevent a merger, acquisition or** ~~the~~ **other** ~~following~~ **change in control of the Company that stockholders may consider favorable, including transactions in which our common stockholders might otherwise receive a premium price for their shares. These** provisions ~~of Delaware law and its restated certificate of incorporation and amended and restated bylaws~~ could **also** limit the price that investors might be willing to pay in the future for shares of ~~its~~ **our** common stock ~~. Catalyst' s restated certificate of incorporation authorizes its board of directors to issue up to 5~~ , ~~000, 000 shares~~ **thereby depressing the market price** of ~~preferred~~ **our common** stock ~~and to determine the terms of those shares of stock without any further action by its stockholders. If the board of directors exercises this power to issue preferred stock, it could be more difficult for a third- party to acquire a majority of its outstanding voting stock and vote the stock they acquire to remove management or directors. Catalyst' s restated certificate also provides staggered terms for the members of its board of directors, and that directors may be removed by stockholders only for cause and only by vote of the holders of 66 2 / 3 % of voting shares then outstanding~~ . In addition, **because our board of directors will be responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our** stockholders **to replace or remove our** ~~currently~~ -- **current management** ~~are not permitted to call special meetings of stockholders, or to act~~ by ~~written consent without a meeting. These provisions may prevent stockholders from replacing the entire board in a single proxy contest,~~ making it more difficult for **stockholders to replace members of our board of directors. Among other things, these provisions will: • continue the use of** a ~~third party~~ **classified board of directors such that not all members of our board of directors are elected at one time; • allow the authorized number of our directors** to ~~acquire control~~ **be changed only by resolution of our board of directors; • limit the manner in which stockholders can remove directors from our board of directors; • provide for advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and for nominations to our board of directors; • limit who may call stockholder meetings; • limit actions by our stockholders by written consent; • authorize our board of directors to issue preferred stock** without **stockholder approval, which could be used to institute a " poison pill " that would work to dilute** the ~~consent~~ **stock ownership** of ~~its~~ **a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our** board of directors ~~.~~ ~~These~~ **; and • require the approval of the holders of at least two- thirds of the votes that all stockholders would be entitled to cast to amend or repeal certain** provisions ~~could also delay the removal~~ of ~~management~~ **our certificate of incorporation or bylaws. Moreover, because we are incorporated in Delaware, we are governed** by the ~~board~~ **provisions** of ~~directors~~ **Section 203 of the DGCL, which generally prohibits a person who, together** with **their affiliates and associates** ~~or without cause. As a Delaware corporation~~ , **owns** ~~Catalyst is also subject to certain Delaware anti- takeover provisions. Under Delaware law, a publicly- held corporation may not engage in a business combination with any holder of~~ 15 % or more of ~~its~~ **the company' s outstanding** voting stock **from** ~~unless the holder has held the stock for three years or~~ , among other things, **merging or combining with the company for a period of** ~~the~~ **three** ~~board~~ **years after the date** of ~~directors has approved~~ the

transaction ~~. Catalyst~~ **in which the person acquired ownership of 15 % or more of the company** ' s ~~board~~ **outstanding voting stock, unless the merger or combination is approved in a prescribed manner. Our certificate** of **incorporation and bylaws generally provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our** directors **, officers or other employees. Our certificate of incorporation and bylaws provide that, unless the company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) is the sole and exclusive forum for the following types of proceedings: (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or stockholders to the company or our stockholders, (3) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (4) any action asserting a claim arising pursuant to any provision of our restated certificate of incorporation or our bylaws (in each case, as they may be amended from time to time) or governed by the internal affairs doctrine. This choice of forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act, the Exchange Act or any other claim for which federal courts have exclusive jurisdiction. This exclusive forum provision may make it more expensive for stockholders to bring a claim than if the stockholders were permitted to select another jurisdiction and may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or stockholders, which may discourage such lawsuits against us and our directors, officers and other employees and stockholders. Alternatively, if a court were to find the choice of forum provision contained in our certificate of incorporation and bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which** could **materially** ~~rely on Delaware law to prevent or delay an~~ **and** ~~acquisition~~ **adversely affect our business, financial condition and results of operations** . ~~Catalyst is~~ **We are** a smaller reporting company, and ~~Catalyst~~ **we** cannot be certain if the reduced disclosure requirements applicable to smaller reporting companies will make ~~its~~ **our** common stock less attractive to investors. ~~Catalyst has~~ **We have** been a " smaller reporting company " as defined in the Securities Exchange Act of 1934, as amended (the " Exchange Act "), and thus have been allowed to provide simplified executive compensation disclosures in ~~its~~ **our** filings. ~~Catalyst has~~ **We have** also had certain other decreased disclosure obligations in ~~its~~ **our** SEC filings. ~~Catalyst~~ **We** cannot predict whether investors find ~~its~~ **our** common stock less attractive because of ~~its~~ **our** reliance on any of these exemptions. If some investors find ~~its~~ **our** common stock less attractive as a result, there may be a less active trading market for ~~its~~ **our** common stock and ~~its~~ **our** stock price may be more volatile. ~~General Risk Factors On November 2~~ **We do not anticipate that we will pay any cash dividends in the foreseeable future. The current expectation is that we will retain our future earnings** , ~~2022~~ **if any** , ~~Catalyst received~~ **to fund the growth of our business as opposed to paying dividends. As** a **result** ~~letter from the Listing Qualifications Department of Nasdaq informing Catalyst that~~ , ~~because the closing bid price for Catalyst' s common stock listed on Nasdaq was below $ 1. 00 for 30 consecutive trading days, Catalyst is not in compliance with the minimum bid price requirement for continued listing on The Nasdaq Capital~~ **capital** ~~Market~~ **appreciation** , **if** ~~as set forth in Nasdaq Marketplace Rule 5550 (a) (2) (the " Minimum Bid Price Requirement "). In accordance with Nasdaq Marketplace Rule 5810 (c) (3) (A), Catalyst has a period of 180 calendar days from November 2, 2022, or until May 1, 2023, to regain compliance with the Minimum Bid Price Requirement. If Catalyst does not regain compliance within the allotted compliance period, including~~ any ~~extensions that may be granted by Nasdaq~~ , **of our** ~~Nasdaq will provide notice that Catalyst' s~~ common stock will be **your sole source of gain, if any, for the foreseeable future. If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about us, our business or our market, our stock price and trading volume could decline. The trading market for our common stock will be influenced by the research and reports that equity research analysts publish about us and our business. Lack of research coverage may adversely affect the market price of our common stock. In the event we do have equity research analyst coverage, we will not have any control over the analysts or the content and opinions included in their reports. The price of our common stock could decline if one or more equity research analysts downgrade its stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease, which in turn could cause our stock price or trading volume to decline. The Contributions involved the combination of two companies which previously operated as independent companies. We may fail to realize some or all of the anticipated benefits of the Contributions if the integration process takes longer than expected or is more costly than expected. Potential difficulties we may encounter in the integration process include the following: • the inability to successfully combine the businesses of Catalyst and Gyre Pharmaceuticals in a manner that permits us to achieve the anticipated benefits from the Contributions, which would result in the anticipated benefits of the Contributions not being realized partly or wholly in the time frame currently anticipated or at all; • creation of uniform standards, controls, procedures, policies and information systems; and • potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the Contributions. It is possible that the integration process also could result in the diversion of our management' s attention, the disruption or interruption of, or the loss of momentum in, our business or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect our ability to maintain our business relationships or the ability to achieve the anticipated benefits of the Contributions, or could otherwise adversely affect our business and financial results. General Risk Factors Our ability to utilize our net operating loss carryforwards and tax credit carryforwards may be** subject to **limitations. As of December 31, 2023, we had approximately $ 193. 5 million of federal and $ 10. 5 million of California state net operating loss carryforwards (" NOLs ") available to reduce future taxable**

income. Under Section 382 and Section 383 of the Code and corresponding provisions of state law, if a corporation undergoes an " ownership change, " its ability to use its pre- change NOLs and other pre- change tax attributes (such as research tax credits) to offset its post- change income may be limited. A Section 382 " ownership change " is generally defined as a greater than 50 percentage point change (by value) in its equity ownership by certain stockholders over a three- year period. Such limitations may result in expiration of a portion of the NOL carryforwards before utilization. We have experienced several ownership changes. Approximately $ 156. 5 million and $ 75. 2 million of the NOLs will expire unutilized for federal and California purposes, respectively. The Contributions resulted in an additional ownership change and we may experience additional ownership changes in the future due to subsequent shifts in our stock ownership (some of which are outside of our control). In addition, our ability to use our NOLs to offset potential future taxable income and related income taxes that would otherwise be due is dependent upon our generation of future taxable income, and we cannot predict with certainty when, or whether, we will generate sufficient taxable income to use all of our NOLs. Even if we achieve profitability, we may not be able to utilize a material portion of our NOLs and other tax attributes, which could have a material adverse effect on cash flow and results of operations. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. Changes in tax laws or in their implementation may adversely affect our business and financial condition. The rules dealing with U. S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U. S. Treasury Department. Changes in tax law may adversely affect our business or financial condition or holders of our common stock. In recent years, many such changes have been made and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form or with what effective dates tax laws, regulations and rulings may be enacted, promulgated or issued, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law. Prospective investors should consult their tax advisors regarding the potential consequences of changes in tax law on our business and on the ownership and disposition of our common stock. We are a " controlled company " within the meaning of the Nasdaq ~~delisting~~ listing standards and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements . Our stockholders do not have the same protections afforded to stockholders of companies that are subject to such requirements. The GNI Parties control a majority of the voting power of our outstanding common stock. As a result, we qualify as a " controlled company " within the meaning of the corporate governance standards of Nasdaq. Under these rules, a listed company of which more than 50 % of the voting power with respect to the election of directors is held by an individual, group or another company is a " controlled company " and may elect not to comply with certain corporate governance requirements, including the requirements that (i) a majority of our board of directors consist of independent directors, (ii) director nominees be selected or recommended to our board of directors entirely by independent directors and (iii) our compensation committee be composed entirely of independent directors. We rely on these exemptions. As a result, we do not have a majority of independent directors, director nominees are not selected or recommended to our board of directors by entirely independent directors and our compensation committee does not consist entirely of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq. In the event we cease to be a" controlled company" and our shares continue to be listed on Nasdaq, we will be required to comply with these provisions within the applicable transition periods. Our executive officers, directors and principal stockholders have the ability to control or significantly influence all matters submitted to our stockholders for approval. As of December 31, 2023, our executive officers, directors and principal stockholders, in the aggregate, beneficially owned a majority of our outstanding common stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act together, would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. This concentration of voting power could delay or prevent an acquisition of us on terms that other stockholders may desire. We may be exposed to increased litigation, including stockholder litigation, which could have an adverse effect on our business and operations. We may from time to time become subject to various litigation, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including, but not limited to, various disputes with or claims from our suppliers, customers, contractors, licensors, business partners and other third parties that we engage for our business operation. In addition, we may be exposed to increased litigation due to the combination of Catalyst ' s business and Gyre Pharmaceuticals' business ~~has~~ as ~~received~~ a result of the consummation of the Contributions. Such litigation may have an adverse impact on our business and results of operations or may cause disruptions to our operations. In addition, in the past, stockholders have initiated class action lawsuits against biotechnology companies following periods of volatility in the market prices of these companies' stock. Such litigation, if instituted against us, could cause us to incur substantial costs and divert management' s attention and resources, which could have a material adverse effect on our business, financial condition and results of operations. If any verdict or award is rendered against us or if we agree to settle with an adverse party, we could be required to pay significant monetary damages, assume other liabilities and / or suspend or terminate the related business projects. Negative publicity arising from litigation, legal disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products. We may be subject to product liability claims that could expose us to costs and liabilities. We are exposed to product liability risks as a result of developing, producing,

marketing, promoting and selling pharmaceutical products in the PRC, United States and other jurisdictions. Such claims may arise if our product, ETUARY, and future products, if approved, are deemed or proven to be unsafe, ineffective, defective or contaminated, or if we are alleged to have engaged in practices such ~~notices~~ **as insufficient or improper labeling of products or providing inadequate, insufficient or misleading warnings or disclosures regarding side effects. A product liability claim brought against us may, regardless of merit or outcome, result in reputational harm and strain on financial resources and may consume** ~~three -- the times -~~ **time** ~~in~~ **and attention of our management. If we are unable to successfully defend itself against such claims, we may, among others, be subject to product recalls, civil liability for physical injury, death or** ~~the~~ **other** ~~past six years~~ **losses caused by our product, ETUARY, and future products, if approved, criminal liability and the revocation of our business licenses. PRC laws and regulations currently do not require us to, and we do not, maintain liability insurance to cover product liability claims. As a result, we may not be able to recover our losses resulting from future product liability claims. Breach, failure or disruption in or to our information system could compromise sensitive information related to our business and expose us to liability or reputational harm, and our ability to effectively manage our business operations could be adversely affected. Our information systems may fail and are subject to risks of breakdown, breach, interruption or damage from computer viruses, computer hackers, malicious code, employee error or malfeasance, theft or misuse, denial- of- service attacks, sophisticated nation- state and nation- state- supported actors, unauthorized access, natural disasters, terrorism, war, telecommunication and electrical failures or other compromise. Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could disrupt our normal operations, including the loss of clinical trial data from completed or future clinical trials. Loss of clinical trial data could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data** . There can be no assurance that ~~Catalyst~~ **we** will ~~regain~~ **be able to effectively handle a failure of our information systems, or that we will be able to restore our operational capacity in a timely manner or at all to avoid disruption to our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate use, disclosure of or access to confidential or proprietary information, we could incur liability, our competitive position could be harmed and the further development and commercialization of our product, ETUARY, and product candidates could be hindered or delayed. We may collect and store sensitive personal data in the ordinary course of our business. For details, see " — Risks Related to Our Business Operations in the PRC —** ~~compliance~~ **Compliance** with the **PRC** ~~Minimum Bid Price Requirement during the 180- day compliance period, secure a second period of 180 calendar days to regain compliance, or maintain compliance with the other Nasdaq listing requirements. Catalyst~~ ' s ~~ability~~ **new Data Security Law, Cyber Security Law, Cybersecurity Review Measures, Personal Information Protection Law, regulations and guidelines relating** to ~~publicly~~ **the multi- level protection scheme on cyber security and any other future laws and regulations may entail significant expenses and could affect** ~~or~~ **our** ~~privately sell equity~~ **business " in this Risk Factors section. If personal data are compromised due to a material breach of our information, the market perception of the effectiveness of our** ~~securities~~ **security measures** ~~and the liquidity of its common stock~~ could be **harmed and** ~~adversely affected if it is delisted from The Nasdaq Capital Market or~~ **our reputation and credibility could be damaged** ~~if it is unable to transfer its listing to another stock market . If Catalyst' s common stock is delisted~~ **We could be subject to regulatory actions and / or claims made** by **individuals** ~~Nasdaq, it could lead to a number of negative implications, including an~~ **and** ~~adverse effect on~~ **groups in private litigation involving privacy issues related to data collection and use practices and** ~~the~~ **other data privacy** ~~price of its common stock, increased volatility in its common stock, limited availability of market quotations for its common stock, reduced liquidity in its common stock, the loss of federal preemption of state securities~~ laws and ~~greater~~ **regulations. You may have** difficulty ~~in issuing additional securities~~ **enforcing judgments obtained against us. Substantially all of our assets are located outside of the United States. Most of our operations** and ~~obtaining financing~~ **administrative and corporate functions are conducted in the PRC** . In addition, ~~delisting~~ **several** of ~~Catalyst' s common stock could deter broker- dealers from making~~ **our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As** a ~~market in or otherwise seeking or generating interest in its common stock, could~~ result ~~in a loss~~ **, due to the lack** of ~~current~~ **reciprocity and treaties between the United States and some of these foreign jurisdictions, together with cost and time constraints, it may be difficult** ~~or~~ **for you to effect service of process within the United States upon these** ~~future coverage by certain sell- side analysts and might deter certain institutions and~~ persons ~~from investing~~ **. In particular, several of our officers and directors are generally located** in **the PRC, and** ~~its~~ **it will be more difficult to enforce liabilities** ~~securities at all. Delisting could also cause a loss of confidence of Catalyst' s customers, collaborators, vendors, suppliers~~ and **enforce judgments on those individuals** ~~employees, which could harm its business and future prospects~~ .