

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountants’ Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to the future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this document.

For the purpose of this section, unless the context otherwise requires, references to 2023, 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a clinical-stage biotechnology company focusing on developing bispecific antibody therapeutics for broad cancer and autoimmune diseases. We develop our bispecific antibodies and TCEs by applying our nearly a decade of experience in this field and using a differentiated toolbox of bispecific formats and CD3 binder panel technologies to which we have proprietary rights for our targets. We are leveraging our R&D strengths, our plug-and-play approach to antibody engineering and our preclinical and clinical development strategy to generate a diverse and balanced portfolio and research pipeline. Since inception in 2015, we have discovered and developed multiple clinical-stage assets and built a rich preclinical pipeline in-house. Our pipeline comprises three clinical-stage drug candidates, including our Core Product EMB-01 (targeting EGFR/cMET) and two TCE-based key products EMB-06 (targeting BCMA/CD3) and EMB-07 (targeting ROR1/CD3), and four preclinical drug candidates, EM1032 (targeting ALPP(G)/CD3), EM1034 (targeting LY6G6D/CD3), EM1039 and EM1042. With a deep understanding of underlying disease mechanism, particularly T cell-mediated immunity, and extensive expertise in antibody engineering, we aim to develop next-generation bispecific antibody and T-cell engaging therapeutics that either address novel targets or possess superior profiles.

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We currently have no products approved for commercial sales and have not generated any revenue from product sales during the Track Record Period. In 2023, we incurred loss of RMB594.8 million, which primarily resulted from expenses in relation to our R&D activities and administrative activities as well as fair value changes of financial liabilities at fair value through profit or loss in relation to our Preferred Shares. In 2024, we recognized revenue of RMB458.9 million, all of which was derived from our out-licensing and collaboration agreements. As a result, we achieved a profit of RMB47.7 million in 2024. In the nine months ended September 30, 2025, we recognized revenue of RMB91.7 million, which primarily resulted from out-licensing and collaboration agreements.

We expect to incur significant expenses for at least the next several years as we continue to advance our clinical development and pre-clinical research plans, and to prepare for the commercialization of our Core Product. Subsequent to the [REDACTED], our financial performance may fluctuate from period to period due to, among other factors, the development status of our drug candidates, regulatory approval timeline, and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

Our historical financial information has been prepared on a going concern basis notwithstanding that, as of September 30, 2025, our current liabilities exceeded our current assets by RMB2,432.7 million and we had net liabilities of RMB2,396.3 million, which were primarily due to the significant amount of the convertible redeemable preferred shares of RMB2,743.8 million. Pursuant to a supplemental agreement entered into by our Company with, among others, the then shareholders of our Company dated June 6, 2025, the redemption rights shall terminate and be of no further force and effect on the date of the submission of application for the [REDACTED] and shall be automatically and retroactively restored in all respects upon the earliest occurrence of (i) the Company serving a written notice of withdrawal of the application to the Stock Exchange; (ii) the receipt by our Company of a written rejection by the Stock Exchange of the application; and (iii) the lapse of the application and the application having not been renewed within three months after the lapse. In this regard, the directors of our Company are of the opinion that our Company is not probable to settle the convertible redeemable preferred shares in next twelve months from September 30, 2025. Further, our Directors have reviewed our Group’s cash flow projections, which cover a period of at least twelve months from September 30, 2025. Our Directors are of the view that our Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months from September 30, 2025.

Our historical financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board.

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All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Drug Candidates

Our business and results of operations depend on our ability to successfully advance our drug development programs, demonstrate favorable safety and efficacy clinical trial results, obtain the requisite regulatory approvals, secure adequate manufacturing capacity, and commercialize our products in targeted markets as planned. Utilizing our bispecific formats and CD3 binder panel technologies, we have rapidly scaled a diverse and balanced portfolio and research pipeline. Our pipeline comprises three clinical-stage drug candidates, including our Core Product EMB-01 and two TCE-based key products EMB-06 and EMB-07, and four preclinical drug candidates, EM1032, EM1034, EM1039 and EM1042. See “Business — Our Drug Candidates” for more information on the development status of our drug candidates.

We have not generated any revenue from the product sales since inception. Our business and results of operations depend on our ability to continuously advance preclinical and clinical development of, and obtain the requisite regulatory approvals for, our drug candidates. Once our drug candidates are commercialized, our business and results of operations will be driven by the market acceptance and supply of our commercialized products. To successfully develop and launch our drug candidates, we intend to continue investing in our R&D and clinical development of our pipeline candidates, strengthening global collaboration with leading global partners and enhancing our operation capabilities for commercial launch of our drug candidates. For more details, see “Business — Our Strategies.”

Our Existing and Future License and Collaboration Arrangements

During the Track Record Period, we entered into a number of out-licensing and collaboration agreements for our TCE asset and platform technologies, and generated revenue in relation to these agreements of RMB458.9 million and RMB91.7 million in 2024 and the nine months ended September 30, 2025, respectively. We are eligible to receive further payments upon the achievement of specified development, regulatory and commercial milestones, subject to terms and conditions of these agreements. Upon commercialization, we will also be eligible to receive royalties on net sales of the products. These strategic collaborations allow us to maximize the global value of our assets and provide capital support for our other pipeline assets and sustainable long-term growth. See “Business — Material Collaboration and Licensing Arrangements” for details.

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The timing and amounts of milestone payments and royalties differ by agreement and depend on the achievement of various milestones. Moreover, following the success of our existing out-licensing and collaboration partnerships, we may enter into new partnerships and collaborations depending on our development strategies. These factors will influence, and may result in fluctuations in, our revenue, profit and results of operations from period to period.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of research and development expenses and administrative expenses.

Research and development expenses have been and are expected to continue to be a major component in our cost structure. We have invested a significant portion of our efforts and financial resources in the development of our existing drug candidates, and we expect to continue to incur substantial and increasing expenditures for the development and commercialization of our drug candidates. During the Track Record Period, our research and development activities mainly related to the clinical advancement of our Core Product and other drug candidates, and primarily consisted of (i) trial and testing expenses, (ii) staff costs for our research and development activities, (iii) depreciation and amortization for right-of-use assets, property and equipment used for research and development purposes, and (iv) raw materials and consumables. See “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Expenses” for more details. Our research and development expenses amounted to RMB184.6 million, RMB122.6 million, RMB92.8 million and RMB96.9 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We expect our research and development expenses to increase for the foreseeable future as we advance the clinical development of our drug candidates to maximize their clinical and commercial potential, as well as to explore and advance the clinical development of our drug candidates for the treatment of additional indications.

During the Track Record Period, our administrative expenses primarily included (i) staff costs for our administrative activities, (ii) professional service fees paid to our legal counsel, agents and other service providers, (iii) depreciation and amortization for right-of-use assets, property and equipment used for administrative purposes, and (iv) other expenses. See “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Administrative Expenses” for more details. Our administrative expenses amounted to RMB49.7 million, RMB43.0 million, RMB29.4 million and RMB56.8 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively.

We expect our cost structure to evolve as we continue to develop and expand our business. As the preclinical studies and clinical trials of our drug candidates continue to progress and as we gradually bring our pipeline products to commercialization, we expect to incur additional costs in relation to research and development, manufacturing, regulatory affairs, and sales and marketing efforts, among other things. Additionally, we anticipate increasing legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a [REDACTED] company in Hong Kong.

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Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financings. Going forward, in the event of successful commercialization of one or more of our drug candidates, we expect to primarily fund our operations with cash on hand, as well as funds generated from sales of our commercialized drug products. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private offerings, debt financing, collaboration arrangements and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that we believe to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. When reviewing our consolidated financial statements, you should consider (i) our material accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are material to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. Our material accounting policies and significant accounting judgments and estimates, which are important for an understanding of our financial position and results of operations, are set forth in detail in Notes 2.3 and 3 to the Accountants' Report set out in Appendix I to this document.

Material Accounting Policies

Revenue Recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

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When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Licensing arrangement

Our licensing revenue may contain more than one performance obligation, including grants of licenses to the intellectual property rights, agreement to provide research and development services and other deliverables. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of intellectual property

Upfront non-refundable payments for licensing our intellectual property are evaluated to determine if the license is distinct from the other performance obligations identified in the arrangement. For licenses determined to be distinct, we recognize revenues from non-refundable, up-front fees allocated to the license at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the licensee.

Milestone payments

At the inception of each arrangement that includes development milestone payments, we evaluate whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. Milestones related to the development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. We will assess whether the variable consideration is fully constrained in each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to the constraint associated with the developmental milestones, variable consideration will be included in the transaction price when a significant reversal of revenue recognized is not expected to occur and allocated to the separate performance obligations. Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty of the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

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Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Provision of research and development services

We earn research and development service revenue under the licensing arrangement, and we charge the customers at a fixed rate per employee, known as full-time-equivalent method, or FTE method. We recognize this revenue overtime as our customer therefore simultaneously receives and consumes benefits provided by our performance.

Other income

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful lives of 10 years.

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Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure, which does not meet these criteria, is expensed when incurred.

Fair Value Measurement

We measure our certain convertible redeemable preferred shares and financial assets at fair value through profit and loss at fair value at the end of each of the Track Record Period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by us. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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For assets and liabilities that are recognized in the financial statements on a recurring basis, we determine whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each financial year end.

Financial Liabilities at Fair Value through Profit or Loss (“FVTPL”)

Financial liabilities at FVTPL include convertible redeemable preferred shares which are designated upon initial recognition as at FVTPL.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognized in profit or loss, except for the gains or losses arising from our own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

Share-based Payments

We operate a share option scheme. Employees (including directors) of our Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in Note 25 to the Accountants’ Report set out in Appendix I to this document.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our Group’s best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of restricted shares unless there are also service and/or performance conditions.

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For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(unaudited)</i>	
Revenue	–	458,865	428,694	91,686
Cost of sales	–	(2,880)	(2,704)	(10,988)
Gross profit	–	455,985	425,990	80,698
Other income and gains	19,630	16,043	7,302	15,821
Research and development expenses	(184,627)	(122,634)	(92,840)	(96,882)
Administrative expenses	(49,733)	(42,954)	(29,428)	(56,789)
Fair value (losses)/gains on convertible redeemable preferred shares	(372,296)	(232,747)	(174,082)	3,364
Other expenses	(6,636)	(14)	(2,525)	(2,862)
Finance costs	(1,162)	(965)	(744)	(395)
(Loss)/Profit before tax	(594,824)	72,714	133,673	(57,045)
Income tax expense	–	(25,027)	(21,435)	(7,873)
(Loss)/Profit for the year/period . .	(594,824)	47,687	112,238	(64,918)

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Revenue

During the Track Record Period, our revenue was derived from our out-licensing and collaboration agreements, including income in relation to (i) upfront payments under the EMB-06 License and Collaboration Agreement and Candid Agreement, (ii) upfront payment and milestone payment under the Almirall Agreement, (iii) research services we provided to Candid under the Candid Agreement, and (iv) upfront payment under the Juri Agreement. See “Business — Material Collaboration and Licensing Arrangements” for details. The following table sets forth a breakdown of our revenue in absolute amounts and as percentages of the total revenue for the years/periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(unaudited)</i>							
Licensing revenue – at a point in time								
– Upfront payment under EMB-06 License and Collaboration Agreement	–	–	428,694	93.4	428,694	100.0	–	–
– Upfront payment under Candid Agreement	–	–	29,460	6.4	–	–	–	–
– Upfront payment and milestone payment under Almirall Agreement	–	–	–	–	–	–	7,201	7.9
– Upfront payment under Juri Agreement	–	–	–	–	–	–	71,534	78.0
Provision of research and development services – over time								
– Research service under Candid Agreement	–	–	711	0.2	–	–	12,951	14.1
Total	<u>–</u>	<u>–</u>	<u>458,865</u>	<u>100.0</u>	<u>428,694</u>	<u>100.0</u>	<u>91,686</u>	<u>100.0</u>

Cost of Sales, Gross Profit and Gross Profit Margin

During the Track Record Period, we incurred cost of sales of RMB2.9 million in 2024, which was related to (i) the R&D activities we conducted for our research service under Candid Agreement, and (ii) the transfer-out of input value-added tax associated with EMB-06 License and Collaboration Agreement. We incurred cost of sales of RMB11.0 million in the nine months ended September 30, 2025, which was related to the cost of provision of research and development services.

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In 2023, 2024 and nine months ended September 30, 2024 and 2025, our gross profit was nil, RMB456.0 million, RMB426.0 million and RMB80.7 million, respectively. For the same periods, our gross profit margin was nil, 99.4%, 99.4% and 88.0%, respectively.

Other Income and Gains

During the Track Record Period, our other income and gains mainly consisted of (i) government grants income that we received from the local government authorities to support our R&D activities, which had no unfulfilled conditions attached, (ii) interest income derived from our bank deposits, (iii) net foreign exchange gains representing the exchange differences of the value of the foreign currency we held against Renminbi resulted from fluctuations in exchange rates, (iv) gain on disposal of items of property, plant and equipment, (v) fair value gains on financial assets at FVTPL and (vi) fair value gains on financial liabilities at FVTPL. See “Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Assets at FVTPL” for details of our financial assets at FVTPL during the Track Record Period. The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of the total other income and gains for the years/periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(unaudited)</i>							
Government grants	4,683	23.9	2,781	17.3	772	10.6	6,330	40.0
Interest income	11,269	57.4	9,150	57.0	6,153	84.2	7,824	49.4
Foreign exchange gain, net	2,619	13.3	2,098	13.1	–	–	–	–
Gain on disposal of items of property, plant and equipment	–	–	217	1.4	217	3.0	–	–
Fair value gains on financial assets at FVTPL	–	–	1,610	10.0	–	–	1,545	9.8
Fair value gains on financial liabilities at FVTPL	68	0.3	–	–	–	–	–	–
Others	991	5.1	187	1.2	160	2.2	122	0.8
Total	<u>19,630</u>	<u>100.0</u>	<u>16,043</u>	<u>100.0</u>	<u>7,302</u>	<u>100.0</u>	<u>15,821</u>	<u>100.0</u>

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Research and Development Expenses

During the Track Record Period, our research and development activities mainly related to the clinical advancement of our Core Product and other drug candidates, and primarily consisted of (i) trial and testing expenses mainly consisting of clinical trials expenses and preclinical studies expenses, (ii) staff costs for our research and development activities, (iii) depreciation and amortization for right-of-use assets, property and equipment used for research and development purposes, and (iv) raw materials and consumables. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the years/periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
					<i>(unaudited)</i>			
Trial and testing expenses	126,238	68.4	65,512	53.4	51,757	55.7	51,170	52.8
Staff costs	36,881	20.0	38,976	31.8	29,115	31.4	30,927	31.9
Depreciation and amortization . . .	9,938	5.4	3,931	3.2	2,995	3.2	1,607	1.7
Raw materials and consumables . .	7,542	4.1	11,055	9.0	6,834	7.4	10,819	11.2
Others ⁽¹⁾	4,028	2.1	3,160	2.6	2,139	2.3	2,359	2.4
Total	<u>184,627</u>	<u>100.0</u>	<u>122,634</u>	<u>100.0</u>	<u>92,840</u>	<u>100.0</u>	<u>96,882</u>	<u>100.0</u>

Note:

- (1) Others mainly included office property management fees, office expenses, and water and electricity energy costs.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, expenses in relation to R&D activities incurred for our Core Product EMB-01 were RMB63.3 million, RMB24.8 million, RMB22.1 million and RMB15.5 million, respectively, accounting for 34.3%, 20.2%, 23.8% and 16.0% of our total R&D expenses for the corresponding periods. During the Track Record Period, we have been primarily engaged in the research and development of EMB-01 since the initiation of its first-in-human clinical trial in 2018. The decline in EMB-01-related R&D expenses during this period reflects the natural progression and cyclical nature of clinical trial activities. In 2023, two major trials were concurrently active — the Phase II portion of the Phase I/II clinical trial for advanced/metastatic solid tumors and the Phase Ib/II clinical trial for advanced/metastatic gastrointestinal cancers — driving EMB-01-related expenses to RMB63.3 million, or 34.3% of our total R&D expenses for the year. In 2024, as only the Phase II portion of the GI monotherapy trial remained active and patient enrollment was nearing completion, EMB-01-related expenses decreased to RMB24.8 million, or 20.2% of total R&D expenses. The difference in patient enrollment scale — 115 patients in the Phase I/II tumor monotherapy trial versus 52 patients in the Phase Ib/II GI monotherapy trial as of March 2025 — also contributed to the temporary decline. For the nine

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months ended September 30, 2025, EMB-01-related expenses further decreased to RMB15.5 million, or 16.0% of total R&D expenses, as we were completing the Phase II portion of the GI monotherapy trial following patient enrollment completion in March 2025. During this period, our primary activities shifted to IND preparation for the planned Phase II trial of EMB-01 monotherapy in third-line mCRC, which is inherently less resource-intensive and therefore resulted in lower R&D spending at this stage.

Looking ahead, we are preparing to initiate two new clinical trials for EMB-01 around the end of 2025 and beyond: (i) a dedicated Phase II trial for monotherapy in third-line mCRC, and (ii) a Phase Ib trial in combination with chemotherapy in multiple lines of treatment, following the interim data readout from the planned Phase II monotherapy trial. In addition, we expect to commence a Phase III clinical trial of EMB-01 in mCRC patients in China in 2027. R&D expenses for these planned trials will primarily include CRO and site management costs, CMC expenses, and labor costs associated with our clinical development team. These activities are expected to significantly increase our R&D investment beginning in 2026. Accordingly, our proposed [REDACTED] is strategically intended to raise the necessary funds to support these upcoming trials and to accelerate the development and commercialization of EMB-01, reaffirming our commitment to advancing our Core Product.

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses accounted for 78.8%, 74.1%, 75.9% and 63.0% of our total operating expenses (which equals the sum of research and development expenses and administrative expenses), respectively. The slight decrease in the percentage of research and development expenses relative to total operating expenses in 2024 was primarily due to (i) the completion of the Phase I/II clinical trial of EMB-01 for advanced/metastatic solid tumors in July 2023, and (ii) the wind-down of our ongoing multi-center Phase I/II clinical trial of EMB-06 for oncology indications in accordance with the EMB-06 License and Collaboration Agreement entered in August 2024. The decrease in the percentage of research and development expenses relative to total operating expenses in the nine months ended September 30, 2025 compared to the same period in 2024 was primarily due to (i) variations in expenses arising from clinical trials being at different stages of development and (ii) increase in administrative expenses caused by [REDACTED] expenses.

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Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) staff costs for our administrative activities, (ii) professional service fees paid to our legal counsel, agents and other service providers, and (iii) depreciation and amortization for right-of-use assets, property and equipment used for administrative purposes. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the years/periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,					
	2023	2024	2024		2025			
	<i>(RMB'000)</i>	<i>%</i>	<i>(RMB'000)</i>	<i>%</i>	<i>(RMB'000)</i>	<i>%</i>	<i>(RMB'000)</i>	<i>%</i>
	<i>(unaudited)</i>							
Staff cost	34,151	68.7	27,299	63.6	19,201	65.2	28,662	50.5
Professional service fees ⁽¹⁾	4,628	9.3	8,986	20.9	5,351	18.2	23,641	41.6
Depreciation and amortization	6,564	13.2	3,317	7.7	2,878	9.8	1,878	3.3
Others ⁽²⁾	4,390	8.8	3,352	7.8	1,998	6.8	2,608	4.6
Total	<u>49,733</u>	<u>100.0</u>	<u>42,954</u>	<u>100.0</u>	<u>29,428</u>	<u>100.0</u>	<u>56,789</u>	<u>100.0</u>

Notes:

- (1) The [REDACTED] expenses included in the professional service fees amounted to nil, nil, nil, and RMB18.4 million in 2023, 2024, and the nine months ended September 30, 2024 and 2025, respectively.
- (2) Others mainly included travel expenses, office expenses, water and electricity energy costs and repair and maintenance fees.

Fair Value Losses or Gains on Convertible Redeemable Preferred Shares

Our convertible redeemable preferred shares primarily represented our Preferred Shares issued in previous equity financing. See “— Indebtedness — Convertible Redeemable Preferred Shares” for details. The fair value losses or gains on convertible redeemable preferred shares are recognized in profit or loss unless they are related to our own credit risk, which are recognized in other comprehensive loss. Our fair value losses on convertible redeemable preferred shares amounted to RMB372.3 million, RMB232.7 million, RMB174.1 million and gains amounted to RMB3.4 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. For further details, see Note 22 to the Accountants’ Report set out in Appendix I to this document.

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Other Expenses

During the Track Record Period, our other expenses consisted of (i) loss on disposal of items of property, plant and equipment, (ii) loss on disposal of intangible assets, (iii) loss on termination of a lease contract, (iv) fair value losses on convertible bonds, (v) foreign exchange losses, net, and (vi) fair value losses on financial assets at FVTPL. The following table sets forth a breakdown of our other expenses for the years/periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(unaudited)</i>	
Loss on disposal of items of property, plant and equipment . . .	2,942	–	–	2
Loss on disposal of intangible assets	740	–	–	–
Loss on termination of a lease contract	587	–	–	–
Fair value losses on convertible bonds	2,367	–	–	–
Foreign exchange losses, net	–	–	2,338	2,857
Fair value losses on financial assets at FVTPL	–	–	173	–
Others	–	14	14	3
Total	<u>6,636</u>	<u>14</u>	<u>2,525</u>	<u>2,862</u>

Finance Costs

During the Track Record Period, our finance costs consisted of interest on lease liabilities. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we had interest on lease liabilities of RMB1.2 million, RMB1.0 million, RMB0.7 million and RMB0.4 million, respectively.

Income Tax Expense

Our income tax expenses amounted to nil, RMB25.0 million, RMB21.4 million and RMB7.9 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. Our income tax expenses during the Track Record Period were mainly in relation to withholding tax related to our licensing revenue. No deferred tax asset has been recognized in respect of the tax losses and temporary difference due to the unpredictability of future profit streams.

Our Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and/or operate.

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Cayman Islands

Under the current laws of the Cayman Islands, the Company and EpimAb Holdings are not subject to tax on income or capital gains. In addition, upon payments of dividends to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period. No Hong Kong profits tax was provided for as we did not generate any assessable profits arising in Hong Kong during the Track Record Period.

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the “**CIT Law**”), our subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income during the Track Record Period.

Pursuant to the relevant CIT Laws, EpimAb Shanghai, EpimAb Suzhou and EpimAb Beijing are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits during the Track Record Period.

Loss/Profit for the Period

As a result of the foregoing, we incurred a loss of RMB594.8 million and RMB64.9 million in 2023 and the nine months ended September 30, 2025, respectively, and a profit of RMB47.7 million and RMB112.2 million in 2024 and the nine months ended September 30, 2024, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2025 Compared to Nine Months Ended September 30, 2024

Revenue

Our revenue decreased from RMB428.7 million in the nine months ended September 30, 2024 to RMB91.7 million in the same period in 2025, as we generated income in the nine months ended September 30, 2025 in relation to (i) upfront payment provided by Juri; (ii) upfront and milestone payments provided by Almirall, and (iii) research services we provided to Candid under the Candid Agreement.

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Cost of Sales

Our cost of sales increased from RMB2.7 million in the nine months ended September 30, 2024 to RMB11.0 million in the same period in 2025 in relation to the R&D activities we conducted for our research services in accordance with the Candid Agreement.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit decreased from RMB426.0 million in the nine months ended September 30, 2024 to RMB80.7 million in the same period in 2025. Our gross profit margin decreased from 99.4% in the same period in 2024 to 88.0% in the same period in 2025.

Other Income and Gains

Our other income and gains increased from RMB7.3 million in the nine months ended September 30, 2024 to RMB15.8 million in the same period in 2025, primarily due to an increase of RMB5.6 million in government grants.

Research and Development Expenses

Our research and development expenses increased from RMB92.8 million in the nine months ended September 30, 2024 to RMB96.9 million in the same period in 2025, primarily due to variations in costs associated with the different stages of clinical development and R&D activities, including the Phase II clinical trial of EMB-01 for GI Mono and the preclinical studies of EM1039 and EM1042.

Administrative Expenses

Our administrative expenses increased from RMB29.4 million in the nine months ended September 30, 2024 to RMB56.8 million in the nine months ended September 30, 2025, primarily due to the recognition of [REDACTED] expenses of RMB18.4 million and an increase in staff costs resulting from higher labor costs.

Fair Value Losses or Gains on Convertible Redeemable Preferred Shares

We recorded fair value losses on convertible redeemable preferred shares of RMB174.1 million and fair value gains on convertible redeemable preferred shares of RMB3.4 million in the nine months ended September 30, 2024 and 2025, respectively, reflecting changes in the fair value of our Preferred Shares.

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Other Expenses

Our other expenses increased from RMB2.5 million in the nine months ended September 30, 2024 to RMB2.9 million in the same period in 2025, primarily due to an increase of net foreign exchange losses of RMB2.3 million to RMB2.9 million.

Finance Costs

Our finance costs remained relatively stable at RMB0.7 million in the nine months ended September 30, 2024 and RMB0.4 million in the same period in 2025.

Loss/Profit for the Period

As a result of the foregoing, we recorded a profit of RMB112.2 million and a loss of RMB64.9 million in the nine months ended September 30, 2024 and 2025, respectively.

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased from nil in 2023 to RMB458.9 million in 2024, as we generated income in 2024 in relation to (i) upfront payments under the EMB-06 License and Collaboration Agreement and Candid Agreement, and (ii) research services we provided to Candid under the Candid Agreement.

Cost of Sales

Our cost of sales increased from nil in 2023 to RMB2.9 million in 2024 in relation to (i) the R&D activities we conducted for our research service in accordance with the Candid Agreement and (ii) the transfer-out of input value-added tax associated with EMB-06 License and Collaboration Agreement in 2024.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit increased from nil in 2023 to RMB456.0 million in 2024. Our gross profit margin increased from nil in 2023 to 99.4% in 2024.

Other Income and Gains

Our other income and gains decreased from RMB19.6 million in 2023 to RMB16.0 million in 2024, primarily due to (i) a decrease of RMB2.1 million in interest income as a result of our decreased average balance of bank deposits, and (ii) a decrease of RMB1.9 million in government grants, which was partially offset by an increase of RMB1.6 million in fair value gains on financial assets at FVTPL.

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Research and Development Expenses

Our research and development expenses decreased from RMB184.6 million in 2023 to RMB122.6 million in 2024, primarily due to a decrease of RMB60.7 million in trial and testing expenses, as we completed the Phase I/II clinical trial of EMB-01 for advanced/metastatic solid tumors in July 2023 and were winding down our ongoing multi-center Phase I/II clinical trial of EMB-06 for oncology indications according to the EMB-06 License and Collaboration Agreement entered in August 2024.

Administrative Expenses

Our administrative expenses decreased from RMB49.7 million in 2023 and RMB43.0 million in 2024, primarily due to (i) a decrease of RMB6.9 million in staff cost mainly as a result of the optimization of our administrative staffing structure, and (ii) a decrease of RMB3.2 million in depreciation and amortization, which was partially offset by an increase of RMB4.4 million in professional service fees paid to our legal counsel advising our entry into the EMB-06 License and Collaboration Agreement and Candid Agreement.

Fair Value Losses or Gains on Convertible Redeemable Preferred Shares

We recorded fair value losses on convertible redeemable preferred shares of RMB372.3 million and RMB232.7 million in 2023 and 2024, respectively, reflecting changes in the fair value of our Preferred Shares.

Other Expenses

Our other expenses decreased from RMB6.6 million in 2023 to RMB14 thousand in 2024, primarily due to (i) a decrease of RMB2.9 million in loss on disposal of items of property, plant and equipment, and (ii) a decrease of RMB2.4 million in fair value losses on convertible bonds.

Finance Costs

Our finance costs remained relatively stable at RMB1.2 million in 2023 and RMB1.0 million in 2024.

Loss/Profit for the Year

As a result of the foregoing, we recorded a loss of RMB594.8 million in 2023 and a profit of RMB47.7 million in 2024.

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DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		As of
	2023	2024	September 30,
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets			
Property, plant and equipment	4,869	3,537	5,967
Right-of-use assets	25,281	16,516	13,019
Other intangible assets	695	603	533
Prepayments, other receivables and other assets	41,517	22,392	23,673
Financial assets at fair value through profit and loss	–	11,107	2,653
Total non-current assets	72,362	54,155	45,845
Current assets			
Trade receivables	–	–	3,160
Prepayments, other receivables and other assets	16,137	32,078	22,723
Cash and cash equivalents	315,867	385,912	323,899
Financial assets at fair value through profit and loss	–	–	9,999
Total current assets	332,004	417,990	359,781
Current liabilities			
Trade and other payables	59,250	44,063	44,676
Contract liabilities	–	5,770	691
Convertible redeemable preferred shares	2,653,545	2,747,135	2,743,771
Amounts due to a related party	271	–	–
Deferred income	400	–	–
Lease liabilities	3,739	4,812	3,355
Total current liabilities	2,717,205	2,801,780	2,792,493
Net current liabilities	(2,385,201)	(2,383,790)	(2,432,712)
Total assets less current liabilities	(2,312,839)	(2,329,635)	(2,386,867)

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	As of December 31,		As of September 30,
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Non-current liabilities			
Lease liabilities	20,912	12,902	9,435
Other payables	—	1,792	—
Total non-current liabilities	20,912	14,694	9,435
Net liabilities	(2,333,751)	(2,344,329)	(2,396,302)
Equity			
Equity attributable to owners of the parent			
Share capital	62	62	62
Deficits	(2,333,813)	(2,344,391)	(2,396,364)
Total deficits	(2,333,751)	(2,344,329)	(2,396,302)

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily included value-added tax recoverable, rental deposits, prepayments for research and development services, deferred issue costs, and other receivables. Value-added tax recoverable mainly represented value-added taxes incurred in clinical development, and procurement of plant, property and equipment. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Non-current:			
Other receivables ⁽¹⁾	34,061	20,754	21,983
Deposits	1,835	1,638	1,690
Value-added tax recoverable	5,621	—	—
Subtotal	<u>41,517</u>	<u>22,392</u>	<u>23,673</u>
Current:			
Other receivables ⁽¹⁾	12,991	17,664	9,912
Prepayments	3,146	4,902	5,574
Value-added tax recoverable	—	9,512	3,999
Deferred issue costs	—	—	3,238
Subtotal	<u>16,137</u>	<u>32,078</u>	<u>22,723</u>
Total	57,654	54,470	46,396

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Note:

- (1) The balance of other receivables mainly represented the amounts due from a third party. In January 2023, EpimAb Suzhou entered into an agreement with a third party to dispose its non-current assets and consumables at a total consideration of RMB120.0 million (excluding taxes), of which the first instalment of RMB65.0 million was paid upon delivery and the remaining will be paid within four years. Such non-current assets and consumables primarily included production building, office building, production equipment and inventory consumables in connection with the disposal of our Suzhou CMC production site. This action aligns with our business strategy to adopt an asset-light model, enhancing economic viability and operational efficiency as we advance our manufacturing and commercialization goals. The total consideration of the disposal was determined based on an asset valuation conducted by an independent third-party valuer. The financial assets included in the above balances related to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, therefore our Directors are of the view that the ECLs in respect of these balances are minimal. The balances are not secured with collateral.

Our prepayments, other receivables and other assets decreased from RMB57.7 million as of December 31, 2023 to RMB54.5 million as of December 31, 2024, primarily due to a decrease of RMB8.6 million in other receivables that was mainly resulted from the payments by the third party in relation to the disposal of our non-current assets and consumables, which was partially offset by an increase of RMB3.9 million in value-added tax recoverable. Our prepayments, other receivables and other assets decreased from RMB54.5 million as of December 31, 2024 to RMB46.4 million as of September 30, 2025, primarily due to (i) a decrease of RMB5.5 million in value-added tax recoverable following the receipt of refund credits in April 2025, and (ii) a decrease of RMB7.8 million in other receivables resulting from adjustments to expected receivables and partially offset by deferred issue costs.

As of October 31, 2025, approximately RMB3.9 million, representing 17.3% of our prepayments, other receivables and other assets as of September 30, 2025, were subsequently settled.

Financial Assets at FVTPL

We recorded financial assets at FVTPL of nil as of December 31, 2023 since we fully redeemed our investment in those wealth management products in 2023. We recorded current and non-current financial assets at FVTPL of RMB11.1 million and RMB12.7 million as of December 31, 2024 and September 30, 2025, respectively, which were our unlisted investments at fair value representing a total number of 1,359,238 series A preferred shares of a licensee held by our Company, of which 1,074,221 were granted to our Directors and our senior management members with certain conditions.

During the Track Record Period, as part of our treasury management, we invested in certain wealth management products to better utilize excess cash when our cash sufficiently covered our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities. Our finance team is responsible for proposing, analyzing and evaluating potential investment in wealth management products and structured deposits. Our

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management will review the product proposed by our finance department and determine whether to approve the product after considering a number of factors, including but not limited to, general market conditions, materiality of investments and expected returns. Our Board oversees the overall financing activities and investment strategies and supervises the management of our Company’s auditing and treasury management activities. We limited our purchases to principal-guaranteed and low risk products from reputable financial institutions not affecting our daily operation and business prospects.

Upon [REDACTED], our investments in financial assets at FVTPL will be subject to compliance with Chapter 14 of the Listing Rules.

Trade Receivables

During the Track Record Period, our trade receivables consisted of receivables from our collaboration partners for payment obligations set out in the relevant agreements, primarily in relation to our provision of research services. The following table set forth our trade receivables as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Trade receivables	–	–	3,160
Impairment	–	–	–
Total	<u>–</u>	<u>–</u>	<u>3,160</u>

Our trade receivables increased from nil as of December 31, 2024 to RMB3.2 million as of September 30, 2025, generally in line with the research services we provided under Candid Agreement.

The following table sets forth an aging analysis of our trade receivables presented based on the invoice date and net of loss allowance as of the dates indicated.

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Current to 90 days	–	–	3,160

As of October 31, 2025, approximately RMB2.0 million, representing 63.7% of our trade receivables as of September 30, 2025, were subsequently settled.

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Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily consisted of cash in bank, denominated on Renminbi, U.S. dollar and Euro. The following table sets forth the details of our cash and cash equivalents as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Cash and cash equivalents denominated in:			
Renminbi	224,672	145,326	55,687
U.S. dollar	90,833	240,395	268,169
Euro	362	191	43
Total	315,867	385,912	323,899

Our cash and cash equivalents increased from RMB315.9 million as of December 31, 2023 to RMB385.9 million as of December 31, 2024, primarily due to our increased revenue from out-licensing and collaboration agreements. Our cash and cash equivalents decreased from RMB385.9 million as of December 31, 2024 to RMB323.9 million as of September 30, 2025, primarily due to research and development expenditures and operating activities.

Trade and Other Payables

During the Track Record Period, our trade and other payables mainly consisted of (i) trade payables primarily consisted of payables in relation to our research and development activities, (ii) accrued expenses for research and development services, (iii) salary and bonus payables, (iv) other payables, (v) other taxes payable, and (vi) payables for purchase of items of property, plant and equipment. The following table sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current:			
Bonus payables ⁽¹⁾	—	1,792	—
Current:			
Trade payables	5,852	1,691	—
Accrued payables for research and development services	35,738	23,958	21,582

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	As of December 31,		As of September 30,
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Salary and bonus payables	8,404	11,143	14,094
Other payables	6,405	6,000	5,265
Other taxes payable	2,135	1,161	641
Payables for purchase of items of property, plant and equipment	716	110	243
Accrued [REDACTED] expenses	—	—	2,851
Total	59,250	45,855	44,676

Note:

- (1) During the Track Record Period, we received 1,359,238 series A preferred shares of a licensee held by our Company, of which 1,074,221 were granted to a director and senior management members of our Group with certain conditions. We classify these grants as employee rewards rather than equity incentives, as the shares are not our Company’s own equity instruments. Employees become eligible to receive these shares upon the earliest of certain events, which our management estimates will be the successful [REDACTED] of this licensee, anticipated to occur beyond one year from the latest balance sheet date. Consequently, these bonus payables are classified as a non-current liability.

Our trade and other payables decreased from RMB59.3 million as of December 31, 2023 to RMB45.9 million as of December 31, 2024, primarily due to a decrease of RMB11.8 million in accrued expenses for research and development services and a decrease of RMB4.2 million in trade payables, primarily due to our repayment of research and development expenses. Our trade and other payables decreased from RMB45.9 million as of December 31, 2024 to RMB44.7 million as of September 30, 2025, primarily due to (i) a decrease in trade payables of RMB1.7 million, (ii) decrease in accrued expenses for research and development services of RMB2.4 million, and partially offset by an increase in accrued [REDACTED] expenses of RMB2.9 million.

The following table sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Within 3 months	5,852	1,691	—

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Contract Liabilities

Our contract liabilities primarily represented amounts paid by our collaboration partners in relation to our out-licensing and collaboration agreements before we fulfilled corresponding performance obligations. Our contract liabilities increased from nil as of December 31, 2023 to RMB5.8 million as of December 31, 2024 as we entered into a license and collaboration agreement to discover and develop multi-specific antibody assets in 2024 and received an upfront payment, part of which is allocated to our performance obligation of conducting relevant research programs, which is recorded as contract liability. Our contract liabilities decreased from RMB5.8 million as of December 31, 2024 to RMB0.7 million as of September 30, 2025 as payments from Candid for our research services, initially recorded as contract liabilities, were reduced when we performed the services and recognized the corresponding revenue.

As of October 31, 2025, approximately RMB0.3 million, representing 40.8% of our contract liabilities as of September 30, 2025, were subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund the research and development of our Core Product and other pipeline programs, administrative expenses and other recurring expenses. In 2023, we incurred negative cash flows from our operations and substantially all of our operating cash outflows resulted from our research and development expenses and administrative expenses. We recorded net cash inflow from operating activities in 2024 primarily attributable to payments received from our out-licensing and collaboration agreements. We recorded net cash outflow from operating activities in the nine months ended September 30, 2025 primarily attributable to continuous investment in the research and development of our pipeline programs, administrative expenses, other recurring expenses, and [REDACTED] expenses, which was partially offset by the revenue from our out-licensing and collaboration agreements. For further details, see “— Cash Flows” in this section.

Our operating cash flow will continue to be affected by our research and development expenses and administrative expenses. We expect to improve our net operating cash outflows position following the approval and commercialization of our drug candidates in the future. During the Track Record Period and up to the Latest Practicable Date, we funded our working capital requirements primarily through proceeds from private equity financing and out-licensing arrangement. Our management closely monitors the uses of cash and cash equivalents and strives to maintain robust liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net [REDACTED] from the [REDACTED] and cash generated from our operations. As of September 30, 2025, our cash and cash equivalents amounted to RMB323.9 million.

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Current Assets and Current Liabilities

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,		As of	As of
	2023	2024	September 30,	October 31,
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
				<i>(unaudited)</i>
Current assets				
Prepayments, other				
receivables and other				
assets	16,137	32,078	22,723	20,347
Trade receivables	–	–	3,160	1,895
Cash and cash equivalents . .	315,867	385,912	323,899	321,933
Financial assets at fair value				
through profit and loss				
(“FVTPL”)	–	–	9,999	11,223
Total current assets	<u>332,004</u>	<u>417,990</u>	<u>359,781</u>	<u>355,398</u>
Current liabilities				
Trade and other payables . . .	59,250	44,063	44,676	50,830
Contract liabilities	–	5,770	691	409
Convertible redeemable				
preferred shares	2,653,545	2,747,135	2,743,771	2,774,157
Amounts due to a related				
party	271	–	–	–
Deferred income	400	–	–	–
Lease liabilities	3,739	4,812	3,355	4,043
Total current liabilities	<u>2,717,205</u>	<u>2,801,780</u>	<u>2,792,493</u>	<u>2,829,439</u>
Net current liabilities	<u>(2,385,201)</u>	<u>(2,383,790)</u>	<u>(2,432,712)</u>	<u>(2,474,041)</u>

We recorded net current liabilities during the Track Record Period primarily because our Preferred Shares issued to [REDACTED] investors are recorded as current liabilities under financial liabilities at FVTPL. These Preferred Shares will be converted into Ordinary Shares upon [REDACTED], after which the amount of our financial liabilities at FVTPL, which were recorded as our current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net current assets and net assets position. See “— Indebtedness — Convertible Redeemable Preferred Shares” for details. We expect to continue to incur significant expenses for the foreseeable future as we advance our multi-specific antibody and TCE candidates, which will be funded by a combination of our cash on hand, our income from out-licensing and collaboration agreements, and [REDACTED] from the [REDACTED].

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Cash Flows

The following table sets forth a summary of our cash flows for the years/periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(unaudited)</i>	
Net cash (used in)/from operating activities	(158,970)	54,232	59,521	(61,264)
Net cash from investing activities . .	84,576	18,906	12,424	10,058
Net cash used in financing activities	<u>(7,424)</u>	<u>(4,975)</u>	<u>(4,975)</u>	<u>(8,162)</u>
Net (decrease)/increase in cash and cash equivalents	(81,818)	68,163	66,970	(59,368)
Cash and cash equivalents at beginning of the year/period	396,383	315,867	315,867	385,912
Effect of foreign exchange rate changes, net	<u>1,302</u>	<u>1,882</u>	<u>(2,219)</u>	<u>(2,645)</u>
Cash and cash equivalents at end of the year/period	<u>315,867</u>	<u>385,912</u>	<u>380,618</u>	<u>323,899</u>

Net Cash Generated from/Used in Operating Activities

In the nine months ended September 30, 2025, our net cash used in operating activities was RMB61.3 million, which was primarily attributable to a loss before tax of RMB57.0 million, adjusted for non-cash and working capital items. Positive adjustments primarily included a decrease in prepayments, other receivables and other assets of RMB6.0 million. Negative adjustments mainly included (i) interest income of RMB7.8 million, (ii) increase in trade receivables of RMB3.2 million, and (iii) fair value gains on convertible redeemable preferred shares of RMB3.4 million.

In 2024, our net cash generated from operating activities was RMB54.2 million, which was primarily attributable to a profit before tax of RMB72.7 million, adjusted for non-cash and working capital items. Positive adjustments primarily included (i) fair value losses on convertible redeemable preferred shares of RMB232.7 million, and (ii) increase in contract liabilities of RMB5.8 million. Negative adjustments mainly included (i) licensing revenue recognized in exchange for the subscription for the series A preferred shares of a licensee of RMB214.0 million, (ii) withholding tax related to licensing revenue of RMB25.0 million, (iii) decrease in trade and other payables of RMB12.6 million, and (iv) interest income of RMB9.2 million.

FINANCIAL INFORMATION

In 2023, our net cash used in operating activities was RMB159.0 million, which was primarily attributable to a loss before tax of RMB594.8 million, adjusted for non-cash and working capital items. Positive adjustments primarily included (i) fair value losses on convertible redeemable preferred shares of RMB372.3 million, (ii) increase in trade and other payables of RMB25.2 million, (iii) decrease in inventories of RMB23.3 million, and (iv) depreciation of right-of-use assets of RMB9.4 million. Negative adjustments mainly included interest income of RMB11.3 million.

Net Cash Generated from Investing Activities

In the nine months ended September 30, 2025, our net cash generated from investing activities was RMB10.1 million, which was mainly due to (i) interest received of RMB7.8 million and (ii) disposal of items of property, plant and equipment of RMB5.4 million, which was partially offset by purchases of items of property, plant and equipment of RMB3.1 million.

In 2024, our net cash generated from investing activities was RMB18.9 million, which was mainly due to (i) the withdrawal of financial assets at FVTPL of RMB49.9 million, (ii) the disposal of items of property, plant and equipment of RMB10.4 million, and (iii) interest received of RMB9.1 million, which was partially offset by our placement of financial assets at FVTPL of RMB49.7 million.

In 2023, our net cash generated from investing activities was RMB84.6 million, which was mainly due to (i) the disposal of items of property, plant and equipment of RMB62.8 million, (ii) interest received of RMB11.2 million and (iii) withdrawal of pledged bank deposits of RMB11.2 million.

Net Cash Used in Financing Activities

In the nine months ended September 30, 2025, our net cash used in financing activities was RMB8.2 million, which was mainly due to our lease payments of RMB5.3 million.

In 2024, our net cash used in financing activities was RMB5.0 million, which was mainly due to our lease payments of RMB4.7 million.

In 2023, our net cash used in financing activities was RMB7.4 million, which was mainly due to our lease payments of RMB8.4 million, and partially offset by our proceeds from exercise of share options of RMB0.7 million.

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CASH OPERATING COSTS

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

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Costs relating to research and development of our Core Product				
Clinical trial costs	39,137	23,538	21,757	2,098
Raw material and consumables	–	–	–	88
Others	–	38	–	240
Subtotal	39,137	23,576	21,757	2,426
Costs relating to research and development of other drug candidates				
Clinical trial costs	47,775	52,615	37,935	55,853
Raw material and consumables	15,040	30,243	20,679	24,343
Others	5,645	4,063	3,344	2,584
Subtotal	68,460	86,921	61,958	82,780
Workforce employment cost for research and development staff	43,659	32,832	25,953	24,795
Other costs				
Workforce employment cost for non-research and development staff	25,273	22,324	17,035	21,900
Professional service fees	2,727	2,498	1,551	24,093
Others	6,140	4,577	3,598	4,011
Total other costs	34,141	29,398	22,184	50,005
Total cash operating costs	185,397	172,728	131,852	160,005

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including cash and cash equivalents and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and administrative expenses, for at least the next 12 months from the expected date of this document.

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Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including research and clinical development activities; (ii) capital expenditures; and (iii) lease payments. We had cash and cash equivalents of RMB323.9 million as of September 30, 2025. We estimate that we will receive net [REDACTED] of approximately [REDACTED], after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] are exercised and assuming an [REDACTED] of [REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range in this document. We estimate that our cash and cash equivalents as of September 30, 2025 without taking into account the estimated net [REDACTED] from the [REDACTED] will be able to maintain our financial viability for 13 months or, if we take into account the estimated net [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of convertible redeemable preferred shares and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of September 30,	As of October 31,
	2023	2024	2025	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(unaudited)</i>
Current				
Convertible redeemable				
preferred shares	2,653,545	2,747,135	2,743,771	2,774,157
Lease liabilities	3,739	4,812	3,355	4,043
Amount due to a related				
party	271	—	—	—
Non-current				
Lease liabilities	20,912	12,902	9,435	8,785
Total	2,678,467	2,764,849	2,756,561	2,786,985

Convertible Redeemable Preferred Shares

During the Track Record Period, convertible redeemable preferred shares represented the carrying amount of Preferred Shares issued pursuant to the [REDACTED] Investments. Changes in fair value of these financial liabilities had been recognized in our consolidated statements of profit or loss. Convertible redeemable preferred shares amounted to RMB2,653.5 million, RMB2,747.1 million and RMB2,743.8 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. As of October 31, 2025, convertible redeemable preferred shares amounted to RMB2,774.2 million.

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Lease Liabilities

Our lease liabilities primarily comprise leases of offices and laboratory premises with a term of one year or more. As of December 31, 2023 and 2024 and September 30, 2025, we had a total of current and non-current lease liabilities of RMB24.7 million, RMB17.7 million, and RMB12.8 million respectively. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of	As of
	2023	2024	September 30,	October 31,
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(unaudited)</i>	
Lease liabilities:				
Current	3,739	4,812	3,355	4,043
Non-current	20,912	12,902	9,435	8,785
Total.	<u>24,651</u>	<u>17,714</u>	<u>12,790</u>	<u>12,828</u>

Amount Due to a Related Party

As of December 31, 2023, we had amount due to a related party of RMB271,000 in non-trade nature, as we received government-funded talent subsidies in 2023 that were designated for one eligible employee under local human resources incentive programs. Such subsidies were recognized as amount due to a related party, reflecting our obligation to transfer the funds to the intended individual recipient. Upon payment to the eligible employee, the corresponding liability is derecognized.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. As of October 31, 2025, we had unutilized banking facilities of RMB100 million. Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that there have been no material changes in our indebtedness since October 31, 2025, being the latest practicable date for determining our indebtedness, up to the date of this document.

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CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period were primarily related to purchases of property, plant and equipment in relation to our research and development activities. The following table sets forth the breakdown of our capital expenditures for the years/periods indicated:

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Additions of items of property, plant and equipment	1,220	887	847	3,096

We expect to finance our planned capital expenditures primarily with our existing cash as well as net [REDACTED] from the [REDACTED]. See “Future Plans and Use of [REDACTED]” in the document for more details. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any capital commitment.

CONTINGENT LIABILITIES

As of December 31, 2023 and 2024 and September 30, 2025, we did not have any contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

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RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. For details, see Note 28 to the Accountants’ Report set out in Appendix I to this document. Our Directors confirm that each of the significant related party transactions during the Track Record Period was conducted on an arm’s length basis, and would not distort our results of operations over the Track Record Period.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
			2025
Current ratio ⁽¹⁾	0.1	0.1	0.1

Note:

(1) Current ratio is calculated as total current assets divided by total current liabilities as of the dates indicated.

Current Ratio

Our current ratio remained stable at 0.1 as of December 31, 2023 and 2024 and September 30, 2025, respectively.

MARKET RISK DISCLOSURE

The risks associated with our financial instruments primarily include foreign currency risk, credit risk and liquidity risk. Our management manages these exposures to ensure appropriate measure are implemented on a timely and effective manner. See Note 31 to the Accountants’ Report set out in Appendix I to this document for further details.

Foreign Currency Risk

Certain of our bank balances and cash are denominated in foreign currency of respective group entities which expose us to foreign currency risk. We did not have a foreign currency hedging policy against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. See Note 31 to the Accountants’ Report set out in Appendix I to this document for further details.

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Credit Risk

The carrying amounts of cash and cash equivalents and prepayments, other receivables and other assets included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets.

We trade only with recognized and creditworthy third parties. It is our policy that all customers that wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis, and we believe that our exposure to bad debts is not significant. Our Directors believe that there is no material credit risk inherent in our outstanding balance of other receivables. See Note 31 to the Accountants' Report set out in Appendix I to this document for further details.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by our management to finance the operations and mitigate the effects of fluctuations in cash flows. Our Directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due and to sustain our operations for the foreseeable future. See Note 31 to the Accountants' Report set out in Appendix I to this document for further details.

DIVIDEND

We do not currently have a formal dividend policy or a fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant.

As advised by our Cayman counsel, under the Cayman Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. There is no assurance that dividends of any amount will be declared to be distributed in any year.

For details, see Note 12 to the Accountants' Report set out in Appendix I to this document.

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DISTRIBUTABLE RESERVES

As of September 30, 2025, we did not have any distributable reserves.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately [REDACTED] (including [REDACTED], assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per [REDACTED]), which represent [REDACTED] of the gross [REDACTED] from the [REDACTED], assuming no Shares are issued pursuant to the [REDACTED]. The above [REDACTED] expenses are comprised of (i) [REDACTED] expenses of [REDACTED], and (ii) [REDACTED] expenses of [REDACTED], including (a) the legal advisors and the reporting accountants’ expenses of [REDACTED], and (b) other fees and expenses of [REDACTED]. During the Track Record Period, we incurred [REDACTED] expense of [REDACTED]. We expect to incur [REDACTED] expenses of approximately [REDACTED] after the Track Record Period, approximately [REDACTED] of which is expected to be charged to our profit or loss, and approximately [REDACTED] of which is attributable to the issue of Shares and will be deducted from equity upon [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following [REDACTED] statement of adjusted consolidated net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the [REDACTED] on the consolidated net tangible assets of our Group attributable to our owners as of September 30, 2025 as if the [REDACTED] had taken place on such date.

The [REDACTED] statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true and fair picture of the consolidated net tangible assets of our Group attributable to our owners as of September 30, 2025 or at any further date following the [REDACTED].

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The following [REDACTED] statement of adjusted consolidated net tangible assets of our Group is prepared based on the audited consolidated net tangible liabilities of our Group attributable to our owners as of September 30, 2025 as derived from the Accountants’ Report set out in Appendix I to this document and adjusted as described below:

Audited consolidated net tangible liabilities of our Group attributable to our owners as of September 30, 2025	Estimated net [REDACTED] from the [REDACTED]	Estimated impact related to the changes of terms of convertible redeemable preferred shares upon [REDACTED]	[REDACTED] adjusted consolidated net tangible assets attributable to our owners as of September 30, 2025	[REDACTED] adjusted consolidated net tangible assets attributable to our owners per [REDACTED] as of September 30, 2025
<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i> <i>(Note 3)</i>	<i>RMB'000</i> <i>(Note 4)</i>	<i>RMB</i> <i>(Note 4)</i> <i>HK\$</i> <i>(Note 5)</i>

Based on

[REDACTED] per

[REDACTED] . . . (2,396,835) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on

[REDACTED] per

[REDACTED] . . . (2,396,835) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Based on

[REDACTED] per

[REDACTED] . . . (2,396,835) [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Notes:

- (1) The consolidated net tangible liabilities of our Group attributable to equity holders of our Company as at September 30, 2025 was equal to the audited net liabilities attributable to owners of our Company as at September 30, 2025 of RMB(2,396,302,000) after deducting of intangible assets of RMB533,000 as at September 30, 2025 set out in the Accountants’ Report in Appendix I to this document.
- (2) The estimated net [REDACTED] from the [REDACTED] are based on an [REDACTED] of [REDACTED], [REDACTED] and [REDACTED], after deduction of the [REDACTED] fees and other related expenses payable by our Company (excluding the [REDACTED] expense that have been charged to profit or loss during the Track Record Period) and does not take into account any Shares which may be issued upon the exercise of the [REDACTED].
- (3) For the purpose of the [REDACTED] financial information, considering the estimated impact related to the changes of terms of convertible redeemable preferred shares upon [REDACTED], the [REDACTED] adjusted net tangible assets attributable to our owners will be increased by [REDACTED], being the fair value of the Preferred Shares as at September 30, 2025. Upon the [REDACTED] and the completion of the [REDACTED], all the Preferred Shares will be automatically converted into ordinary shares. These Preferred Shares will be re-designated from liabilities to equity. The amount that is re-designated from liabilities to equity will be the fair value of the Preferred Shares on that date of the [REDACTED].

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- (4) The [REDACTED] adjusted consolidated net tangible assets per [REDACTED] is arrived at after adjustments referred in notes 2 and 3 above and on the basis of [REDACTED] Shares in issue, assuming that the conversion of Preferred Shares into the ordinary shares and the [REDACTED] have been completed on September 30, 2025 but does not take into account any Shares which may be sold pursuant to the exercise of the [REDACTED].
- (5) For the purpose of this [REDACTED] statement of adjusted net tangible assets, the balances stated in RMB are converted into HK\$ at the rate of RMB1.00 to HK\$1.1006.
- (6) No adjustment has been made to the [REDACTED] adjusted consolidated net tangible assets to reflect any [REDACTED] results or other transactions of the Group entered into subsequent to September 30, 2025.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position prospects since September 30, 2025 and up to the date of this document and there is no event since September 30, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

IMPACT OF THE COVID-19

During the Track Record Period and up to the Latest Practicable Date, we had not experienced material disruptions in our operations as a result of the COVID-19 pandemic. Supported by a robust internal management system and comprehensive disease prevention measures, including environmental monitoring, return-to-work protocols, and personal hygiene protections, we maintained stable operations and safeguarded employee health. Operationally, we coordinated closely with CROs and other partners, expanded trial sites where appropriate, and used remote monitoring as well as video and telephone-based follow up to keep clinical timelines on track. During the pandemic, we submitted and obtained approvals for IND applications for EMB-06 and EMB-07 in China, the United States, and Australia, and through efficient remote collaboration across our teams in Shanghai, Suzhou, Beijing, and the United States, we also submitted and obtained approval for the IND application for the EMB-01 combination therapy in China and the United States. As a result, the overall impact of the COVID-19 pandemic on our clinical activities, drug development timeline, business, and results of operations has been immaterial, especially as the COVID-19 pandemic has come under control as of the Latest Practicable Date. Our Directors are of the view that it is unlikely that the COVID-19 pandemic will have a material adverse impact on our business going forward.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this document, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.