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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountant’s Report set out in Appendix I to this document. Our Group’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group’s expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, you should refer to the section “Risk Factors” of this document.*

*The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.*

## OVERVIEW

We are a clinical-stage, innovation-driven pharmaceutical technology company headquartered in Guangzhou, China. The Company is committed to the development and commercialization of high-end innovative painless microneedle drug formulations and intranasal inhalation drug formulations, designed to overcome the limitations of traditional formulations and improve therapeutic outcomes without changing the drug molecules themselves. We have established two core platforms with proprietary technologies: a microneedle drug formulation platform and an inhalation drug formulation platform. These platforms serve as the foundation for a differentiated and competitive product pipeline aimed at improving clinical performance and patient compliance.

We have two Core Products, a dexmedetomidine hydrochloride microneedle patch, the first microneedle drug patch to receive clinical trial approval in China and has advanced to Phase II clinical trials, and an intranasal inhalation drug formulation intended for the on-demand treatment of “Off” episodes in Parkinson’s disease, the first nasal inhalation formulation approved to enter clinical trials in China in this therapeutic area and has also entered Phase II clinical trials.

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During the Track Record Period, we generated revenue from the provision of CRO Services to pharmaceutical clients in the PRC and sale of drugs in both the PRC and the United States. However, we currently have no self-developed products approved for commercial sale and have not generated any revenue from sales of our product candidates.

We expect to incur significant amount of expenses and operating losses for at least the next several years as we further our preclinical research efforts, continue the clinical development, and seek regulatory approvals for our pipeline products before launching these products to the market. Subsequent to the [REDACTED], we expect to also incur costs associated with operating as a public company. We expect that our financial performance will fluctuate periodically due to the development status of our pipeline products, regulatory approval timeline and commercialization of our future approved drugs.

### **BASIS OF PRESENTATION**

Our Company was established in the PRC as a limited liability company on 14 November 2007 and converted into a joint stock company with limited liability on 26 November 2025. For details, see “History, Development and Corporate Structure” in this document.

The historical financial information of our Group has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by our Group in the preparation of the historical financial information throughout the Track Record Period and in the period covered by the interim comparative financial information.

The 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 and in the period covered by the interim comparative financial information.

### **FACTORS AFFECTING OUR FINANCIAL RESULTS**

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in “Risk Factors” in this document and those set out below.

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### **Our Ability to Successfully Develop Our Pipeline Products**

Our business and financial results depend on our ability to successfully develop our pipeline products, demonstrate favorable tolerability and efficacy clinical trial results, obtain necessary regulatory approvals, and manufacture our pipeline products. All of our pipeline products are still in development. As of the Latest Practicable Date, we have identified and developed two Core Products and commenced Phase II clinical trial of our two Core Products. For details of the development of our pipeline products, see “Business” in this document.

### **Our Ability to Successfully Commercialize Our Pipeline Products**

Although all of our pipeline products currently have not been approved for commercialization, and we have not generated any revenue from sales of our pipeline products, we expect to commercialize one or more of our pipeline products in the near future. Upon commercialization of our pipeline products, our business and results of operations will be driven by the market acceptance, sales of our commercialized drugs and our manufacturing capabilities to meet commercial demands. However, the commercialization may require significant marketing efforts and inputs before we are able to generate any revenue from sales of our pipeline products. If we fail to achieve the degree of market acceptance, we may not be able to generate revenue as expected. For details, see “Risk Factors — Risks relating to manufacturing and commercialisation of our pipeline products” in this document.

### **Funding for Our Operation**

During the Track Record Period, we funded our operations primarily through equity financing, cash flow generated from our CRO Services and borrowings. We expect to fund our future operations primarily with existing cash and cash equivalents, bank loans and net [REDACTED] from the [REDACTED]. Going forward, in the event of a successful commercialization of one or more of our pipeline products, we expect to fund our operations with revenue 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 financings, collaboration arrangements, licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

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### **Our Ability to Manage Research and Development of Our Products Candidate**

In order to commercialize our two Core Products, to bring our pipeline products to market, and to develop new pipeline products, we have devoted and will continue to devote our resources on R&D activities, including conducting preclinical studies, clinical trials and activities related to seeking regulatory approvals. The success of such R&D activities significantly affects our ability to successfully develop our pipeline products, including the two Core Products.

While we expect to incur significant R&D expenses in the foreseeable future, we need to control the amount of such expenses at a reasonable level. Our ability to balance the need to invest in R&D activities and control our operating expenses is key to our ability to reach profitability and sustainable growth.

### **Our Ability to Improve Operating Efficiency**

Our business and financial results will be affected by our ability to improve our operating efficiency and control our operating expenses. For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, our administrative expenses was approximately RMB17.5 million, RMB15.2 million and RMB11.4 million, respectively. For the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025, our selling and distribution expenses was approximately RMB5.9 million, RMB7.2 million and RMB2.9 million, respectively. We expect our administrative expenses and selling and distribution expenses to increase in the future for the commercialization, promotion and marketing of our two Core Products and other pipeline products, and to manage the growth in our business scale, therefore, our ability to operate efficiently will have a significant impact on our business and financial results.

## **SIGNIFICANT ACCOUNTING POLICIES, 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.

The preparation of historical financial information requires our management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our consolidated financial statements. See Note 2.3 and Note 3 to the Accountants' Report in Appendix I to this document for a description of our material accounting policies, and significant accounting judgments and estimates.

### **Revenue Recognition**

Our 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 our Group expects to be entitled in exchange for those goods or services.

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

### ***CRO Services***

Our CRO Services agreements may contain multiple services which are separate performance obligations because the promises to transfer each service is capable of being distinct and separately identifiable. Accordingly, we develops assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified. In developing the stand-alone selling price for a performance obligation, we uses expected cost plus margin approach and considers all information that is reasonably available, including but not limited to, costs incurred to provide the service and related profit margins.

Revenue from CRO services is recognized over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by us. The input method recognizes revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. If we expects to recover the costs incurred in satisfying the performance obligation, revenue is recognized only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

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### *MAH Business*

Revenue is generated by us as the MAH, through the sale of licensed drugs to distributors. Revenue from the sale of drugs is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery and acceptance of the goods by the customers.

### **Fair Value Measurement**

Our Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

Our Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimize 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 reporting period.

### **Impairment of Non-financial Assets**

Where an indication of impairment exists, or when annual impairment testing for non-financial assets is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

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### **Intangible Assets (Other than Goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. 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 reporting period end.

#### *Licenses*

Purchased license is stated at cost less any impairment losses and is amortized on the straight-line basis over the amortization period, which is determined on the shorter of its remaining validity period and its estimated useful life of 10 years.

#### *Patents*

Purchased patent is stated at cost less any impairment losses and is amortized on the straight-line basis over the amortization period, which is determined on its remaining validity period.

#### *Software*

Purchased office software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of one to three years.

#### *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 our Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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### Financial liabilities

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Our financial liabilities include trade and other payables, interest-bearing bank and other borrowings, and financial liabilities on series shares.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

##### *Financial liabilities at amortized cost*

After initial recognition, financial liabilities are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include financial liabilities on series shares which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss 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 fair value through profit or loss 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 the statement of profit or loss.

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### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

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### DESCRIPTION OF CERTAIN SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The table below sets forth the components of our consolidated statements of profit or loss and other comprehensive income for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
REVENUE . . . . .	54,088	49,026	22,725	28,139
Cost of sales . . . . .	(35,120)	(32,511)	(15,083)	(20,350)
Gross profit. . . . .	18,968	16,515	7,642	7,789
Other income and gains. . . . .	4,177	3,700	1,810	2,171
Selling and distribution expenses . . . . .	(5,914)	(7,164)	(2,961)	(2,917)
Administrative expenses . . . . .	(17,507)	(15,199)	(7,318)	(11,353)
Research and development expenses . . . . .	(18,428)	(16,413)	(11,120)	(11,624)
Impairment losses on financial and contract assets, net. . . . .	(181)	(449)	(352)	(239)
Other expenses . . . . .	(7,262)	(4,237)	(950)	(2,519)
Finance costs. . . . .	(1,206)	(3,388)	(654)	(862)
Loss before change in fair value of financial liabilities on series shares . . . . .	(27,353)	(26,635)	(13,963)	(19,554)
Change in fair value of financial liabilities on series shares . . . . .	(36,311)	(120,449)	(28,251)	(1,258)
LOSS BEFORE TAX . . . . .	(63,664)	(147,084)	(42,154)	(20,812)
Income tax expense. . . . .	—	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD . . . . .	<u>(63,664)</u>	<u>(147,084)</u>	<u>(42,154)</u>	<u>(20,812)</u>
Attributable to:				
Owners of the parent. . . . .	(60,710)	(145,037)	(41,347)	(19,256)
Non-controlling interests. . . . .	(2,954)	(2,047)	(807)	(1,556)
	<u>(63,664)</u>	<u>(147,084)</u>	<u>(42,154)</u>	<u>(20,812)</u>

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### Revenue

During the Track Record Period, we generated revenue from the provision of CRO services and our MAH Business. The following table sets forth a breakdown of our revenue by business segment for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
MAH Business . . . . .	6,878	2,678	647	7,774
CRO Services . . . . .	47,210	46,348	22,078	20,365
<b>Total revenue . . . . .</b>	<b>54,088</b>	<b>49,026</b>	<b>22,725</b>	<b>28,139</b>

The following table sets forth a breakdown of revenue by geographical markets for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Geographical markets</b>				
The PRC. . . . .	51,400	46,995	22,725	20,365
Overseas. . . . .	2,688	2,031	—	7,774
<b>Total revenue . . . . .</b>	<b>54,088</b>	<b>49,026</b>	<b>22,725</b>	<b>28,139</b>

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### Cost of Sales

Our cost of sales for the provision of CRO Services primarily consists of direct labor, outsourced consultation and testing fees, direct materials, depreciation and amortization and rent, utilities and electricity. Our cost of sales for the MAH Business primarily consists of contract manufacturing fees and amortization of MAH licenses. The following table sets forth a breakdown of our cost of sales by business segment for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Types of goods or services</b>				
MAH Business . . . . .	5,639	2,463	615	7,005
CRO Services . . . . .	29,481	30,048	14,468	13,345
<b>Total cost of sales . . . . .</b>	<b>35,120</b>	<b>32,511</b>	<b>15,083</b>	<b>20,350</b>

### Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the years and the periods indicated:

	Year ended 31 December				Six months ended 30 June			
	2023		2024		2024		2025	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
					<i>(unaudited)</i>			
MAH Business . . . . .	1,239	18.0	215	8.0	32	4.9	769	9.9
CRO Services . . . . .	17,729	37.6	16,300	35.2	7,610	34.5	7,020	34.5
<b>Total . . . . .</b>	<b>18,968</b>	<b>35.1</b>	<b>16,515</b>	<b>33.7</b>	<b>7,642</b>	<b>33.6</b>	<b>7,789</b>	<b>27.7</b>

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### Other Income and Gains

Our other income and gains consist of investment income on financial assets at fair value through profit or loss, bank interest income, sales of medical aesthetic products, government grants related to assets and income, others, fair value gains on financial assets at fair value through profit or loss and foreign exchange gains, net. The following table sets forth a breakdown of our other income and gains for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
<b>Other income</b>				
Government grants . . . . .	2,420	1,761	1,634	1,920
Sales of medical aesthetic products . . . . .	1,642	1,831	74	197
Bank interest income . . . . .	32	26	5	37
Investment income on financial assets at fair value through profit or loss. . . . .	66	22	22	—
Others. . . . .	6	—	—	—
<b>Total other income</b> . . . . .	4,166	3,640	1,735	2,154
<b>Gains</b>				
Fair value gains on financial assets at fair value through profit or loss. . . . .	11	—	—	17
Foreign exchange gains, net . . . . .	—	60	75	—
<b>Total gains</b> . . . . .	11	60	75	17
<b>Total other income and gains</b> . . . . .	4,177	3,700	1,810	2,171

Our investment income on financial assets at fair value through profit or loss represents income from our investment in structured deposits products issued by a commercial bank. Our bank interest income represents the amount of interest we received from our deposits with commercial banks. Our income from sales of medical aesthetic products represents income generated from our cosmetics business, which we ceased such operation on September 1, 2025, for details, please refer to the section headed “Business — Our Other Businesses”. Our government grants mainly represent amounts received from the local governments acknowledging our achievement and for the purpose of compensating the expenses spent on research and clinical trials and award for new drug development.

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### Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of staff costs, certificate maintenance fees, advertising and promotion expenses, entertainment expenses, travel expenses, pharmaceutical insurance expenses and others. The following table sets forth a breakdown of our selling and distribution expenses for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Staff costs . . . . .	3,667	3,302	1,493	1,219
Certificate maintenance fees . . . . .	317	1,554	899	675
Advertising and promotion expenses . . . . .	1,044	1,239	79	562
Entertainment expenses . . . . .	507	378	218	296
Travel expenses . . . . .	298	413	125	106
Pharmaceutical insurance expenses . . . . .	62	263	144	47
Others . . . . .	19	15	3	12
<b>Total . . . . .</b>	<b>5,914</b>	<b>7,164</b>	<b>2,961</b>	<b>2,917</b>

Our staff costs primarily consist of salaries, benefits and bonuses for our sales related employee. Our advertising and promotion expenses primarily consist of exhibition expenses. Our pharmaceutical insurance expenses represents insurance premium related to the drugs we sale. Our certificate maintenance fees represent annual fees paid to maintain drug registration certificates.

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### Administrative Expenses

Our administrative expenses primarily consist of staff costs, professional and other services fees, amortization of right-of-use assets, travel expenses, entertainment expenses, depreciation and amortization, patent expenses, inventories losses and write-offs and others. The following table sets forth a breakdown of our administrative expenses for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Staff costs . . . . .	11,055	9,666	5,058	5,633
Professional and other services fees .	1,906	1,325	474	2,038
Depreciation and amortization . . . . .	1,629	1,941	926	1,707
Travel expenses . . . . .	1,438	1,229	444	937
Entertainment expenses. . . . .	879	864	346	875
Patent expenses . . . . .	341	44	21	77
Others. . . . .	259	130	49	86
<b>Total . . . . .</b>	<b>17,507</b>	<b>15,199</b>	<b>7,318</b>	<b>11,353</b>

Our staff costs primarily consist of salaries, benefits and bonuses for for our supporting and administrative staff. Our professional and other services fees primarily consist of audit fees, tax audit fees and other services fees.

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### Research and Development Expenses

Our research and development expenses primarily consist of experiments and testing expenses, staff costs, depreciation and amortization, material costs and others. The following table sets forth a breakdown of our research and development expenses for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Experiments and testing expenses . . .	2,989	6,783	5,677	5,614
Staff costs . . . . .	9,651	6,961	3,963	3,988
Depreciation and amortization . . . . .	1,979	1,651	982	923
Material costs . . . . .	3,041	598	216	658
Others . . . . .	768	420	282	441
<b>Total</b> . . . . .	<b>18,428</b>	<b>16,413</b>	<b>11,120</b>	<b>11,624</b>

Our staff costs primarily consist of salaries and benefits for employees from the research and development departments. Our experiment and testing expenses represent clinical trial expenses for our two Core Products and non-clinical research expenses for our pipeline products including our two Core Products resulting from the engagement of CROs. Our depreciation and amortization represent the depreciation of our equipment and the depreciation of right-of-use assets. Others are mainly office expenses and transportation expenses for our research and development activities.

Our research and development expenses incurred for our two Core Products were approximately RMB9.6 million, RMB11.9 million, RMB8.7 million and RMB7.0 million for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively, accounting for 52.1%, 72.5%, 78.2% and 59.9% of our total research and development expenses during the same periods, respectively.

### Impairment losses on financial and contract assets, net

Our impairment losses on financial and contract assets, net represent impairment losses on financial assets such as trade receivables and other receivables and impairment losses on contract assets from the CRO Services. For the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2024 and 2025, we had impairment losses on financial and contract assets, net of approximately RMB0.2 million, RMB0.4 million, RMB0.4 million and RMB0.2 million, respectively.

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### Other Expenses

Our other expenses primarily consist of impairment losses on inventories, costs of medical aesthetic products, impairment losses on intangible assets, foreign exchanges losses and others. The following table sets forth a breakdown of our other expenses for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Impairment losses on inventories . . .	1,054	462	49	1,292
Costs of medical aesthetic products .	2,224	2,851	519	912
Impairment losses on intangible assets . . . . .	3,910	664	382	—
Foreign exchanges losses . . . . .	19	—	—	15
Others. . . . .	55	260	—	300
<b>Total</b> . . . . .	<b>7,262</b>	<b>4,237</b>	<b>950</b>	<b>2,519</b>

### Finance Costs

Our finance costs represent interest on bank and other borrowings, interest on lease liabilities and financing advisory fees. The following table sets forth a breakdown of our finance costs for the years and the periods indicated:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(Unaudited)</i>	
Interest on bank and other borrowings . . . . .	456	663	308	396
Interest on lease liabilities . . . . .	750	725	346	466
Financing advisory fees . . . . .	—	2,000	—	—
<b>Total</b> . . . . .	<b>1,206</b>	<b>3,388</b>	<b>654</b>	<b>862</b>

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### Change in Fair Value of Financial Liabilities on Series Shares

Certain Pre-[REDACTED] Investors were granted by our Company with certain special rights, these series shares with special rights are considered as financial liabilities at fair value through profit or loss and presented as “financial liabilities on series shares”. The change in fair value of the financial liabilities on series shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Our change in fair value of financial liabilities on series shares were approximately RMB36.3 million, RMB120.4 million, RMB28.3 million and RMB1.3 million for the years ended December 31, 2023 and 2024 and for the six months ended June 30, 2024 and 2025, respectively.

### Income Tax Expenses

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate. During the Track Record Period, we had no income tax expenses.

## PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

### For Six Months Ended June 30, 2024 Compared to Six Months Ended June 30, 2025

#### *Revenue*

Our revenue increased by approximately RMB5.4 million or 23.8% from approximately RMB22.7 million for the six months ended June 30, 2024 to approximately RMB28.1 million for the six months ended June 30, 2025, primarily due to the increase in revenue generated from the MAH Business, partially offset by the decrease in revenue generated from the provision of CRO Services.

#### *MAH Business*

Our revenue generated from MAH Business increased by approximately RMB7.2 million or 1,101.5% from approximately RMB0.6 million for the six months ended June 30, 2024 to approximately RMB7.8 million for the six months ended June 30, 2025, primarily due to the increase in demand for Esomeprazole Magnesium Delayed-Release Capsules in the United States.

#### *CRO Services*

Our revenue generated from the provision of CRO Services decreased by approximately RMB1.7 million or 7.8% from approximately RMB22.1 million for the six months ended June 30, 2024 to approximately RMB20.4 million for the six months ended June 30, 2025, primarily due to

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the increase in competition in the CRO market which had led to pricing pressure. Also, since initiating the research and development of the two Core Products, we have progressively scaled down our CRO Services to focus on the development of the two Core Products.

### *Cost of Sales*

Our cost of sales increased by approximately RMB5.3 million or 34.9% from approximately RMB15.1 million for the six months ended June 30, 2024 to approximately RMB20.4 million for the six months ended June 30, 2025, primarily due to the increase in cost of sales from the MAH Business.

### *MAH Business*

Our cost of sales for the MAH Business increased by approximately RMB6.4 million or 1,039.0% from approximately RMB0.6 million for the six months ended June 30, 2024 to approximately RMB7.0 million for the six months ended June 30, 2025, primarily due to the increase in demand for Esomeprazole Magnesium Delayed-Release Capsules in the United States.

### *CRO Services*

Our cost of sales for the provision of CRO Services decreased by approximately RMB1.2 million or 7.8% from approximately RMB14.5 million for the six months ended June 30, 2024 to approximately RMB13.3 million for the six months ended June 30, 2025, which was generally in line with the decrease in revenue.

### *Gross Profit*

As a result of the foregoing, our gross profit increased by approximately RMB0.2 million or 1.9% from approximately RMB7.6 million for the six months ended June 30, 2024 to approximately RMB7.8 million for the six months ended June 30, 2025. Our gross profit margin decreased from approximately 33.6% for the six months ended June 30, 2024 to approximately 27.7% for the six months ended June 30, 2025.

### *MAH Business*

Our gross profit for the MAH Business increased by approximately RMB0.7 million or 2,303.1% from approximately RMB32,000 for the six months ended June 30, 2024 to approximately RMB0.8 million for the six months ended June 30, 2025, primarily driven by the increase in demand for Esomeprazole Magnesium Delayed-Release Capsules in the United States during the six months ended June 30, 2025. Our gross profit margin for the MAH Business also

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increased from approximately 4.9% for the six months ended June 30, 2024 to approximately 9.9% for the six months ended June 30, 2025 primarily due to the increased revenue from selling Esomeprazole Magnesium Delayed-Release Capsules during the six months ended June 30, 2025.

### *CRO Services*

Our gross profit for the provision of CRO Services decreased by approximately RMB0.6 million or 7.8% from approximately RMB7.6 million for the six months ended June 30, 2024 to approximately RMB7.0 million for the six months ended June 30, 2025 as we progressively scaled down our CRO Services to focus on the development of the two Core Products. Our gross profit margin for the provision of CRO Services remained stable at approximately 34.5% for the six months ended June 30, 2024 and 2025.

### *Other Income and Gains*

Our other income and gains increased by approximately RMB0.4 million or 19.9% from approximately RMB1.8 million for the six months ended June 30, 2024 to approximately RMB2.2 million for the six months ended June 30, 2025 primarily due to the increase in government grants. Our government grants increased by approximately RMB0.3 million as a result of government grants recognized during the six months ended June 30, 2025 for expenses spent on research and clinical trials and award for new drug development.

### *Selling and Distribution Expenses*

Our selling and distribution expenses remained stable at approximately RMB3.0 million for the six months ended June 30, 2024 and approximately RMB2.9 million for the six months ended June 30, 2025.

### *Administrative Expenses*

Our administrative expenses increased by approximately RMB4.1 million or 55.1% from approximately RMB7.3 million for the six months ended June 30, 2024 to approximately RMB11.4 million for the six months ended June 30, 2025 primarily due to the increase in professional fees of approximately RMB1.6 million resulting from the increase in industry consulting and technical advisory service fees.

### *Research and Development Expenses*

Our research and development expenses remained stable at approximately RMB11.1 million for the six months ended June 30, 2024 and approximately RMB11.6 million for the six months ended June 30, 2025.

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Our research and development expenses attributable to our two Core Products were approximately RMB8.7 million and RMB7.0 million for the six months ended June 30, 2024 and 2025, respectively, accounting for approximately 78.2% and 59.9% of our total research and development expenses, and 37.2% and 23.6% of our total operating expenses (i.e. selling and distribution expenses, administrative expenses, research and development expenses, impairment losses on financial and contract assets, net, other expenses and finance costs) in the respective periods. Our research and development expenses attributable to our two Core Products decreased from approximately RMB8.7 million for the six months ended June 30, 2024 to RMB7.0 million for the six months ended June 30, 2025 primarily due to expenses incurred for pre-clinical toxicology and pharmacokinetic research and IND registration services.

### *Impairment Losses on Financial and Contract Assets, net*

Our impairment losses on financial and contract assets, net decreased from approximately RMB352,000 for the six months ended June 30, 2024 to approximately RMB239,000 for the six months ended June 30, 2025, which reflected the changes in expected credit losses.

### *Other Expenses*

Our other expenses increased by approximately RMB1.5 million or 165.2% from approximately RMB1.0 million for the six months ended June 30, 2024 to approximately RMB2.5 million for the six months ended June 30, 2025 primarily due to the increase in impairment losses on medical aesthetic products inventories of approximately RMB1.2 million and the increase in donation of approximately RMB0.3 million.

### *Finance Costs*

Our finance costs increased by approximately RMB0.2 million or 31.8% from approximately RMB0.7 million for the six months ended June 30, 2024 to approximately RMB0.9 million for the six months ended June 30, 2025 primarily due to the increase in interest on bank loans of approximately RMB0.1 million resulting from the increase in bank loans during the six months ended June 30, 2025 and the increase in interest on lease liabilities of approximately RMB0.1 million resulting from the newly leased plants in Lianyungang.

### *Change in fair value of financial liabilities on series shares*

Our change in fair value of financial liabilities on series shares decreased from approximately RMB28.3 million for the six months ended June 30, 2024 to approximately RMB1.3 million for the six months ended June 30, 2025 primarily due to a relatively stable valuation during the period.

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### *Loss and Total Comprehensive Loss for the Period*

As a result of the foregoing, our loss and total comprehensive loss for the period decreased by approximately RMB21.4 million or 50.6% from approximately RMB42.2 million for the six months ended June 30, 2024 to approximately RMB20.8 million for the six months ended June 30, 2025.

### **For Year Ended December 31, 2023 Compared to Year Ended December 31, 2024**

#### *Revenue*

Our revenue decreased by approximately RMB5.1 million or 9.4% from approximately RMB54.1 million for the year ended December 31, 2023 to approximately RMB49.0 million for the year ended December 31, 2024 primarily due to the decrease in revenue generated from the MAH Business and the provision of CRO Services.

#### *MAH Business*

Our revenue generated from the MAH Business decreased by approximately RMB4.2 million or 61.1% from approximately RMB6.9 million for the year ended December 31, 2023 to approximately RMB2.7 million for the year ended December 31, 2024 primarily due to the cessation of sales of Propofol Injectable Emulsion in the PRC.

#### *CRO Services*

Our revenue generated from the provision of CRO Services remained stable at approximately RMB47.2 million for the year ended December 31, 2023 and approximately RMB46.3 million for the year ended December 31, 2024.

#### *Cost of Sales*

Our cost of sales decreased by approximately RMB2.6 million or 7.4% from approximately RMB35.1 million for the year ended December 31, 2023 to approximately RMB32.5 million for the year ended December 31, 2024, which was in line with the decrease in revenue.

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### *MAH Business*

Our cost of sales for the MAH Business decreased by approximately RMB3.1 million or 56.3% from approximately RMB5.6 million for the year ended December 31, 2023 to approximately RMB2.5 million for the year ended December 31, 2024, primarily due to the cessation of sale of Propofol Injectable Emulsion in the PRC during the year ended December 31, 2024.

### *CRO Services*

Our cost of sales for the provision of CRO Services remained stable at approximately RMB29.5 million for the year ended December 31, 2023 and approximately RMB30.0 million for the year ended December 31, 2024.

### *Gross Profit*

As a result of the foregoing, our gross profit decreased by approximately RMB2.5 million or 12.9% from approximately RMB19.0 million for the year ended December 31, 2023 to approximately RMB16.5 million for the year ended December 31, 2024. Our gross profit margin decreased from approximately 35.1% for the year ended December 31, 2023 to approximately 33.7% for the year ended December 31, 2024.

### *MAH Business*

Our gross profit for the MAH Business decreased by approximately RMB1.0 million or 82.6% from approximately RMB1.2 million for the year ended December 31, 2023 to approximately RMB0.2 million for the year ended December 31, 2024, primarily due to the cessation of sale of Propofol Injectable Emulsion in the PRC during the year ended December 31, 2024. Our gross profit margin for the MAH Business also decreased from approximately 18.0% for the year ended December 31, 2023 to approximately 8.0% for the year ended December 31, 2024 primarily due to the stable amortization of licenses during the years ended December 31, 2023 and 2024.

### *CRO Services*

Our gross profit for the provision of CRO Services decreased by approximately RMB1.4 million or 8.1% from approximately RMB17.7 million for the year ended December 31, 2023 to approximately RMB16.3 million for the year ended December 31, 2024. Our gross profit margin for the provision of CRO Services also decreased from approximately 37.6% for the year ended

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December 31, 2023 to approximately 35.2% for the year ended December 31, 2024. The decrease in gross profit and gross profit margin were primarily due to our adjusted pricing strategy to retain clients during the year ended December 31, 2024.

### *Other Income and Gains*

Our other income and gains decreased by approximately RMB0.5 million or 11.4% from approximately RMB4.2 million for the year ended December 31, 2023 to approximately RMB3.7 million for the year ended December 31, 2024 primarily due to the decrease in government grants related to income. Our government grants related to income decreased by approximately RMB0.7 million as a result of non-recurring grants received during the year ended December 31, 2023, partially offset by the new government grants awarded during the year ended December 31, 2024.

### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by approximately RMB1.3 million or 17.4% from approximately RMB5.9 million for the year ended December 31, 2023 to approximately RMB7.2 million for the year ended December 31, 2024 primarily due to the increase in certificate maintenance fees of approximately RMB1.2 million as a result of the recognition of a full year’s charge for the year ended December 31, 2024, whereas only three months of fees were incurred for the year ended December 31, 2023.

### *Administrative Expenses*

Our administrative expenses decreased by approximately RMB2.3 million or 13.2% from approximately RMB17.5 million for the year ended December 31, 2023 to approximately RMB15.2 million for the year ended December 31, 2024 primarily due to the decrease in staff costs. Our staff costs decreased by approximately RMB1.4 million as a result of the decrease in remuneration paid to our management.

### *Research and Development Expenses*

Our research and development expenses decreased by approximately RMB2.0 million or 12.3% from approximately RMB18.4 million for the year ended December 31, 2023 to approximately RMB16.4 million for the year ended December 31, 2024 primarily due to the decrease in staff costs and material costs, partially offset by the increase in experiment and testing fees. Our staff costs decreased by approximately RMB2.7 million and our experiment and testing fees increased by approximately RMB3.8 million as a result of the increase in pre-clinical

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validation expenses for two Core Products resulting from the engagement of CROs during the year ended December 31, 2024. Our material costs decreased by approximately RMB2.4 million for the same reason.

Our research and development expenses attributable to our two Core Products were approximately RMB9.6 million and RMB11.9 million for the years ended December 31, 2023 and 2024, respectively, accounting for approximately 52.1% and 72.5% of our total research and development expenses, and 19.0% and 25.4% of our total operating expenses (i.e. selling and distribution expenses, administrative expenses, research and development expenses, impairment losses on financial and contract assets, net, other expenses and finance costs) in the respective periods.

### *Impairment Losses on Financial and Contract Assets, net*

Our impairment losses on financial and contract assets, net remained stable at approximately RMB0.2 million for the year ended December 31, 2023 and approximately RMB0.4 million for the year ended December 31, 2024.

### *Other Expenses*

Our other expenses decreased by approximately RMB3.1 million or 41.7% from approximately RMB7.3 million for the year ended December 31, 2023 to approximately RMB4.2 million for the year ended December 31, 2024 primarily due to the decrease in impairment losses on intangible assets relating to MAH license approximately RMB3.2 million.

### *Finance Costs*

Our finance costs increased by approximately RMB2.2 million or 180.9% from approximately RMB1.2 million for the year ended December 31, 2023 to approximately RMB3.4 million for the year ended December 31, 2024 primarily due to the financing advisory fees of approximately RMB2.0 million incurred during the year ended December 31, 2024.

### *Change in fair value of financial liabilities on series shares*

Our change in fair value of financial liabilities on series shares increased from approximately RMB36.3 million for the year ended December 31, 2023 to approximately RMB120.4 million for the year ended December 31, 2024 primarily due to the increase in our valuation during the period given the progress in our Core Products.

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### *Loss and Total Comprehensive Loss for the Period*

As a result of the foregoing, our loss and total comprehensive loss for the year increased by approximately RMB83.4 million or 131.0% from approximately RMB63.7 million for the year ended December 31, 2023 to approximately RMB147.1 million for the year ended December 31, 2024.

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

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

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment . . . . .	25,953	24,683	27,021
Right-of-use assets . . . . .	13,053	21,119	19,348
Intangible assets . . . . .	3,470	2,314	2,254
Prepayments, other receivables and other assets . . . . .	1,341	1,600	2,087
Total non-current assets . . . . .	<u>43,817</u>	<u>49,716</u>	<u>50,710</u>
<b>CURRENT ASSETS</b>			
Inventories . . . . .	2,734	1,789	703
Trade receivables . . . . .	9,331	8,103	12,258
Contract assets . . . . .	2,200	8,472	11,321
Prepayments, other receivables and other assets . . . . .	3,084	4,176	4,878
Financial assets at fair value through profit or loss . . . . .	10,382	—	2,676
Restricted cash . . . . .	—	—	642
Cash and cash equivalents . . . . .	7,201	68,361	49,745
Total current assets . . . . .	<u>34,932</u>	<u>90,901</u>	<u>82,223</u>

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	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables . . . . .	3,346	1,837	4,914
Contract liabilities . . . . .	13,214	13,223	15,249
Other payables and accruals . . . . .	24,974	32,732	30,319
Interest-bearing bank and other borrowings . . . . .	10,892	12,949	23,594
Financial liabilities on series shares . . . . .	134,860	335,309	336,567
Lease liabilities . . . . .	1,858	3,419	3,877
Total current liabilities . . . . .	<u>189,144</u>	<u>399,469</u>	<u>414,520</u>
NET CURRENT LIABILITIES . . . . .	<u>(154,212)</u>	<u>(308,568)</u>	<u>(332,297)</u>
TOTAL ASSETS LESS CURRENT			
LIABILITIES . . . . .	<u>(110,395)</u>	<u>(258,852)</u>	<u>(281,587)</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings . . . . .	8,371	—	—
Lease liabilities . . . . .	13,698	19,423	18,127
Deferred income . . . . .	3,618	4,891	4,264
Total non-current liabilities . . . . .	<u>25,687</u>	<u>24,314</u>	<u>22,391</u>
Net liabilities . . . . .	<u>(136,082)</u>	<u>(283,166)</u>	<u>(303,978)</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Paid-in capital . . . . .	12,781	15,088	15,088
Deficits . . . . .	(148,856)	(296,200)	(315,456)
	(136,075)	(281,112)	(300,368)
Non-controlling interests . . . . .	(7)	(2,054)	(3,610)
Total equity . . . . .	<u>(136,082)</u>	<u>(283,166)</u>	<u>(303,978)</u>

### Property, Plant and Equipment

Our property, plant and equipment primarily consist of leasehold improvements, office equipment and furniture, plant and machinery, motor vehicles, other equipment and construction in progress. Our property, plant and equipment remained stable at approximately RMB26.0 million, RMB24.7 million and RMB27.0 million as at December 31, 2023 and 2024 and June 30, 2025.

### Right-of-use Assets

Our right-of-use assets primarily consist of our rights to use leased plant and buildings, which are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Our right-of-use assets increased from

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approximately RMB13.1 million as at December 31, 2023 to approximately RMB21.1 million as at December 31, 2024 primarily due to the lease of new plant in Lianyungang. Our right-of-use assets decreased to approximately RMB19.3 million as at June 30, 2025 primarily due to depreciation.

### Intangible Assets

Our intangible assets primarily consist of software and licenses acquired. Our intangible assets decreased from approximately RMB3.5 million as at December 31, 2023 to approximately RMB2.3 million as at December 31, 2024, and further decreased to approximately RMB2.3 million as at June 30, 2025, primarily due to amortization and impairment of the acquired license.

### Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of prepayments for property, plant and equipment, deposits, prepayments, value-added tax and other taxes recoverable, other receivables and deposits and impairment allowance. The table below sets forth a breakdown of our prepayments, other receivables and other assets as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current:</b>			
Prepayments for property, plant and equipment . . . . .	81	63	78
Deposits . . . . .	619	619	619
Value-added tax and other taxes recoverable . . . . .	641	918	1,390
	<u>1,341</u>	<u>1,600</u>	<u>2,087</u>
<b>Current:</b>			
Prepayments . . . . .	2,265	3,206	2,845
Value-added tax and other taxes recoverable . . . . .	6	144	844
Other receivables and deposits . . . . .	1,652	1,670	2,035
	<u>3,923</u>	<u>5,020</u>	<u>5,724</u>
Impairment allowance . . . . .	(839)	(844)	(846)
Total . . . . .	<u><u>4,425</u></u>	<u><u>5,776</u></u>	<u><u>6,965</u></u>

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Our prepayments, other receivables and other assets remained stable at approximately RMB4.4 million and RMB5.8 million as at December 31, 2023 and 2024, respectively. Our prepayments, other receivables and other assets increased to approximately RMB7.0 million as at June 30, 2025 primarily due to the increase in value-added tax and other tax recoverable of approximately RMB1.2 million as a result of input VAT incurred on purchases exceeding output VAT generated from sales.

### Inventories

Our inventories primarily consist of raw materials, work in progress and finished goods. During the Track Record Period, we procured raw materials for the purpose of research and development of our pipeline products and production of medical aesthetic products, and our work in progress and finished goods relate to medical aesthetic products, including items currently under production and those completed and ready for sale. Our inventories were net of a write-down of approximately RMB2.7 million, RMB1.8 million and RMB0.7 million as at December 31, 2023 and 2024 and June 30, 2025, respectively. The table below sets forth a breakdown of our inventories as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials . . . . .	1,044	928	703
Work in progress . . . . .	582	380	—
Finished goods . . . . .	1,108	481	—
<b>Total</b> . . . . .	<b>2,734</b>	<b>1,789</b>	<b>703</b>

Our inventories decreased from approximately RMB2.7 million as at December 31, 2023 to approximately RMB1.8 million as at December 31, 2024 in line with the increase in other income from the sale of medical aesthetic products during the year ended December 31, 2024. Our inventories further decreased to approximately RMB0.7 million as of June 30, 2025 primarily due to the increase in write-down of inventories.

### Trade Receivables

Our trade receivables represent receivable from our clients for the provision of CRO Services or our MAH Business. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable

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information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The table below sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	9,371	8,457	12,826
Impairment . . . . .	(40)	(354)	(568)
<b>Net carrying amount . . . . .</b>	<b>9,331</b>	<b>8,103</b>	<b>12,258</b>

Our trade receivables decreased from approximately RMB9.3 million as of December 31, 2023 to approximately RMB8.1 million as of December 31, 2024 primarily due to the sale of Esomeprazole Magnesium Delayed-Release Capsules before the year ended December 31, 2024. Our trade receivables increased to approximately RMB12.3 million as of June 30, 2025 primarily due to trade receivables due from customers from our MAH Business as of June 30, 2025, in line with the increase in revenue from our MAH Business for the six months ended June 30, 2025.

Our trading terms with customers are mainly on credit. For the sales of drugs, the credits period is normally 30 days. For the provision of CRO Services, settlement is made in accordance with the terms specified in the agreements. We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Trade receivables are non-interest-bearing.

The table below sets forth an ageing analysis of our trade receivables as at the dates indicated, based on the revenue recognition date and net of loss allowance:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year . . . . .	9,331	5,830	10,096
Over 1 year . . . . .	—	2,273	2,162
<b>Total . . . . .</b>	<b>9,331</b>	<b>8,103</b>	<b>12,258</b>

## FINANCIAL INFORMATION

The table below sets forth our average trade receivables turnover days:

	For the year ended 31 December		For the six months ended 30 June
	2023	2024	2025
Trade receivable turnover days ( <i>Note</i> ) . . . . .	49	65	65

*Note:* Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the relevant year multiplied by 365 days for the years ended December 31, 2023 and 2024. Trade receivables turnover days were calculated based on the average of the opening and closing trade receivables divided by revenue for the relevant period multiplied by 181 days for the six months ended June 30, 2025.

Our average trade receivables turnover days increased from 49 days for the year ended December 31, 2023 to 65 days for the year ended December 31, 2024 primarily due to increase in competition. Our average trade receivables turnover days remained stable at 65 days for the six months ended June 30, 2025.

Up to the October 31, 2025, approximately RMB6.9 million or 54.0% of our trade receivables as at June 30, 2025 had been settled by our customer after the Track Record Period.

### Contract Assets

Our contract assets are initially recognized for revenue earned from the provision of CRO Services and the receipt of consideration is conditional on successful completion of the services. Impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same client bases. The table below sets forth a breakdown of our contract assets as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets arising from:			
CRO Services . . . . .	2,208	8,609	11,481
Total . . . . .	2,208	8,609	11,481
Impairment . . . . .	(8)	(137)	(160)
<b>Net carrying amount . . . . .</b>	<b>2,200</b>	<b>8,472</b>	<b>11,321</b>

## FINANCIAL INFORMATION

Our contract assets increased from approximately RMB2.2 million as at December 31, 2023 to approximately RMB8.5 million as of December 31, 2024 primarily due to the increase in contract assets due from our customers for CRO services provided but yet to reach the payment milestone. Our contract assets further increased to approximately RMB11.3 million as at June 30, 2025 primarily due to the increase in contract assets due from our customers for CRO services provided but yet to reach the payment milestone.

The table below sets forth the expected timing of recovery or settlement for contract assets as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year .....	2,200	8,095	11,056
Over 1 year .....	—	377	265
<b>Total</b> .....	<b>2,200</b>	<b>8,472</b>	<b>11,321</b>

### Financial Assets at Fair Value Through Profit or Loss

Our financial assets at fair value through profit or loss represent structured deposit products issued by a commercial bank in the PRC. During the Track Record Period, the expected return rates ranging from approximately 1.4% to 4.1% per annum. We had financial assets at fair value through profit or loss of approximately RMB10.4 million, nil and RMB2.7 million as at December 31, 2023 and 2024 and June 30, 2025, respectively. Our financial assets at fair value through profit or loss decreased from approximately RMB10.4 million as at December 31, 2023 to nil as at December 31, 2024 primarily due to redemption of such financial assets. Our financial assets at fair value through profit or loss increased from approximately nil as at December 31, 2024 to RMB2.7 million as at June 30, 2025 primarily due to purchase of new financial assets.

### *Our Investment Policy in Wealth Management and Structured Products*

We shall adopt the Management Measures for External Investments to strengthen the Company’s control over external investments, standardize external investment activities and prevent external investment risks.

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### Trade Payables

Our trade payables are mainly related to our procurement of raw materials for research and development and payables to CMOs for the production of drugs for our MAH Business. Our trade payables decreased from approximately RMB3.3 million as at December 31, 2023 to approximately RMB1.8 million as at December 31, 2024 primarily due to decrease in payables to CMOs for the production of drugs for our MAH Business because of settlement of the trade payables during the year ended December 31, 2024. Our trade payables increased to approximately RMB4.9 million as at June 30, 2025 primarily due to the increase in payables to CMOs for the production of drugs for our MAH Business because increase in demand for Esomeprazole Magnesium Delayed-Release Capsules in the United States during the six months ended June 30, 2025.

The table below sets forth an ageing analysis of our trade payables as at the dates indicated, based on the invoice date, is as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year .....	3,213	1,295	4,557
Over 1 year .....	133	542	357
<b>Total</b> .....	<b>3,346</b>	<b>1,837</b>	<b>4,914</b>

The table below sets forth our average trade payables turnover days:

	For the year ended 31 December		For the six months ended
	2023	2024	30 June
	2023	2024	2025
Trade payables turnover days ( <i>Note</i> ) .....	32	29	30

*Note:* Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the relevant year multiplied by 365 days for the years ended December 31, 2023 and 2024. Trade payables turnover days were calculated based on the average of the opening and closing trade payables divided by cost of sales for the relevant period multiplied by 181 days for the six months ended June 30, 2025.

Our average trade payables turnover days remained stable at 32, 29 and 30 days for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025.

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Up to the October 31, 2025, approximately RMB4.6 million or 93.5% of our trade payables as at June 30, 2025 had been settled by us after the Track Record Period.

### Contract Liabilities

Contract liability is recognized when payment is received or due from a customer before we transfer the related goods or services. We had contract liabilities of approximately RMB13.2 million, RMB13.2 million and RMB15.2 million as at December 31, 2023 and 2024 and June 30, 2025, respectively. Our contract liabilities increased from approximately RMB13.2 million as at December 31, 2024 to approximately RMB15.2 million as at June 30, 2025 primarily due to the increase in advances from customers for the provision of CRO Services as a result of certain CRO contracts reaching new milestones and resulting in higher receipts in advance.

### Other Payables and Accruals

Our other payables and accruals primarily consist of payroll payable, amount due to Directors, other tax payable, payable for property, plant and equipment, others and payables for intangible assets. Our payables for intangible assets represent the amount payable for the acquisition of listing rights including Esomeprazole Magnesium Delayed-Release Capsules. The table below sets forth a breakdown of our other payables and accruals as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payroll payable . . . . .	5,590	9,679	9,274
Amounts due to the Directors . . . . .	—	900	—
Other tax payable . . . . .	361	412	354
Payables for property, plant and equipment . . . . .	852	1,132	241
Other payables and accruals . . . . .	1,421	3,859	3,700
Payables for intangible assets . . . . .	16,750	16,750	16,750
<b>Total . . . . .</b>	<b>24,974</b>	<b>32,732</b>	<b>30,319</b>

Our other payables and accruals increased from approximately RMB25.0 million as at December 31, 2023 to approximately RMB32.7 million as at December 31, 2024 primarily due to the increase in payroll payable as a result of the increase in staff bonus payable as at December 31, 2024. Our other payables and accruals decreased to approximately RMB30.3 million as at June

## FINANCIAL INFORMATION

30, 2025 primarily due to the decrease in payables for property, plant and equipment of approximately RMB0.9 million due to settlement and the decrease in amounts due to Directors of approximately RMB0.9 million as a result of the settlement during the six months ended June 30, 2025.

Our payables for intangible assets was subsequently settled in August 2025.

### Interest-bearing Bank and Other Borrowings

Our interesting-bearing bank and other borrowings primarily consist of secured bank loans, long-term bank loans and other borrowings. The table below sets forth a breakdown of our interesting-bearing bank and other borrowings as of the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current</b>			
Bank loans — secured . . . . .	10,011	2,002	12,511
Current portion of long-term bank loans — secured . . . . .	881	8,370	10,008
Other borrowings — secured . . . . .	—	2,577	1,075
Total — current . . . . .	<u>10,892</u>	<u>12,949</u>	<u>23,594</u>
<b>Non-current</b>			
Bank loans — secured . . . . .	<u>8,371</u>	—	—
Total — non-current . . . . .	<u>8,371</u>	—	—
Total . . . . .	<u><u>19,263</u></u>	<u><u>12,949</u></u>	<u><u>23,594</u></u>

As at December 31, 2023 and 2024 and June 30, 2025, certain of our bank and other borrowings of approximately RMB19.3 million, RMB10.4 million and RMB22.5 million were guaranteed by our Directors, respectively. As at December 31, 2024 and June 30, 2025, the other borrowings of our Group represented the borrowings from certain financial institutions under sales and leaseback transactions for certain of our machinery.

### Financial Liabilities on Series Shares

Certain Pre-[REDACTED] Investors were granted by our Company with certain special rights, these series shares with special rights are considered as financial liabilities at fair value through profit or loss and presented as “financial liabilities on series shares” in the consolidated statements of financial position. We recorded financial liabilities on series shares of approximately

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RMB134.9 million, RMB335.3 million and RMB336.6 million as at December 31, 2023 and 2024 and June 30, 2025, respectively. Our financial liabilities on series shares increased from approximately RMB134.9 million as at December 31, 2023 to approximately RMB335.3 million as at December 31, 2024 primarily due to the issuance of series shares of approximately RMB80.0 million during the year ended December 31, 2024. Our financial liabilities on series shares remained stable at approximately RMB336.6 million as at June 30, 2025.

### Deferred Income

Our deferred income represents amounts received from the governments to support our research and development activities with certain conditions to fulfil. The table below sets forth a breakdown of our deferred income as of the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred government grant . . . . .	3,618	4,891	4,264

### Lease Liabilities

The table below sets forth a breakdown of our lease liabilities as of the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities:			
Analyzed into:			
Current portion . . . . .	1,858	3,419	3,877
Non-current portion . . . . .	13,698	19,423	18,127
	15,556	22,842	22,004

Our lease liabilities increased from approximately RMB15.6 million as of December 31, 2023 to approximately RMB22.8 million as of December 31, 2024 primarily due to the newly leased plant in Lianyungang. Our lease liabilities remained stable at approximately RMB22.0 million as of June 30, 2025.

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## FINANCIAL INFORMATION

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### KEY FINANCIAL RATIO

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

	As at 31 December		As at 30 June
	2023	2024	2025
Current ratio <sup>(1)</sup> . . . . .	0.2	0.2	0.2
Quick ratio <sup>(2)</sup> . . . . .	0.2	0.2	0.2

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*Notes:*

- (1) Current ratio equals current assets divided by current liabilities as of the end of the year/period.
- (2) Quick ratio equals current assets excluding inventories, divided by current liabilities.

Our current ratio remained stable at 0.2 as at December 31, 2023, 2024 and June 30, 2025.

Our quick ratio remained stable at 0.2 as at December 31, 2023, 2024 and June 30, 2025.

## FINANCIAL INFORMATION

### LIQUIDITY AND CAPITAL RESOURCES

#### Net Current (Liabilities)/Assets

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>CURRENT ASSETS</b>			
Inventories . . . . .	2,734	1,789	703
Trade receivables . . . . .	9,331	8,103	12,258
Contract assets . . . . .	2,200	8,472	11,321
Prepayments, other receivables and other assets . . . . .	3,084	4,176	4,878
Financial assets at fair value through profit or loss . . . . .	10,382	—	2,676
Restricted cash . . . . .	—	—	642
Cash and cash equivalents . . . . .	7,201	68,361	49,745
<b>Total current assets . . . . .</b>	<b>34,932</b>	<b>90,901</b>	<b>82,223</b>
<b>CURRENT LIABILITIES</b>			
Trade payables . . . . .	3,346	1,837	4,914
Contract liabilities . . . . .	13,214	13,223	15,249
Other payables and accruals . . . . .	24,974	32,732	30,319
Interest-bearing bank and other borrowings . . . . .	10,892	12,949	23,594
Financial liabilities on series shares . . . . .	134,860	335,309	336,567
Lease liabilities . . . . .	1,858	3,419	3,877
<b>Total current liabilities . . . . .</b>	<b>189,144</b>	<b>399,469</b>	<b>414,520</b>
<b>NET CURRENT LIABILITIES . . . . .</b>	<b>(154,212)</b>	<b>(308,568)</b>	<b>(332,297)</b>

We had net current liabilities of approximately RMB154.2 million, RMB308.6 million and RMB332.3 million as at December 31, 2023 and 2024 and June 30, 2025, respectively, primarily due to the financial liabilities on series shares of approximately RMB134.9 million, RMB335.3 million and RMB336.6 million representing certain special rights granted to certain Pre-[REDACTED] Investors as at the same dates. Our net current liabilities increased from approximately RMB154.2 million as at December 31, 2023 to approximately RMB308.6 million as at December 31, 2024 primarily due to the special rights granted to Pre-[REDACTED] Investors who invested in our Company during the year ended December 31, 2024.

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### Cash Flows of Our Group

As a development-stage pharmaceutical technology company, we incurred negative cash flows from our operations during the Track Record Period. During the Track Record Period, our primary use of cash were to fund the research and development of our pipeline products including our two Core Products, payment for the purchase of equipment, our administrative expenses and selling and distribution expenses and other recurring expenses. We also generated cash from our revenue from the provision of CRO Services.

The following table sets forth information regarding our cash flows for the years and the periods indicated:

	Year ended 31 December		Six months ended
			30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash flows used in operating activities	(21,213)	(15,290)	(18,738)
Net cash flows (used in)/generated from investing activities . . . . .	(14,750)	7,240	(8,411)
Net cash flows generated from/(used in) financing activities . . . . .	7,087	69,210	8,545
Net increase/(decrease) in cash and cash equivalents . . . . .	(28,876)	61,160	(18,604)
Cash and cash equivalents at beginning of year/period . . . . .	36,077	7,201	68,361
Effect of foreign exchange rate changes, net . . . . .	—	—	(12)
Cash and cash equivalents at end of year/period . . . . .	7,201	68,361	49,745

### *Net Cash Flows Used in Operating Activities*

For the six months ended June 30, 2025, we had net cash flows used in operating activities of approximately RMB18.7 million, mainly as a result of our loss before tax of approximately RMB20.8 million, positively adjusted by depreciation of property, plant and equipment of approximately RMB2.4 million, depreciation of right-of-use assets of approximately RMB1.8 million, increase in trade payable of approximately RMB3.1 million and increase in contract liabilities of approximately RMB2.0 million, partially offset by increase in trade receivables and contract assets of approximately RMB7.2 million.

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For the year ended December 31, 2024, we had net cash flows used in operating activities of approximately RMB15.3 million, mainly as a result of our loss before tax of approximately RMB147.1 million, positively adjusted by fair value loss on financial liabilities on series shares of approximately RMB120.4 million, depreciation of property, plant and equipment of approximately RMB4.7 million, depreciation of right-of-use assets of approximately RMB2.3 million, increase in other payables and accruals of approximately RMB5.5 million, partially offset by increase in trade receivables and contract assets of approximately RMB5.4 million.

For the year ended December 31, 2023, we had net cash flows used in operating activities of approximately RMB21.2 million, mainly as a result of our loss before tax of approximately RMB63.7 million, positively adjusted by fair value loss on financial liabilities on series shares of approximately RMB36.3 million, depreciation of property, plant and equipment of approximately RMB4.5 million, depreciation of right-of-use assets of approximately RMB2.1 million, partially offset by increase in trade receivables and contract assets of approximately RMB4.9 million.

### *Net Cash Flows (Used in)/Generated from Investing Activities*

For the six months ended June 30, 2025, we had net cash flows used in investing activities of approximately RMB8.4 million, primarily attributable to the purchase of items of property, plant and equipment of approximately RMB5.6 million and purchase of financial assets at fair value through profit or loss of approximately RMB2.7 million.

For the year ended December 31, 2024, we had net cash flows generated from investing activities of approximately RMB7.2 million, primarily attributable to the proceeds upon maturity of financial assets at fair value through profit or loss of approximately RMB10.4 million, partially offset by the purchase of items of property, plant and equipment of approximately RMB3.1 million.

For the year ended December 31, 2023, we had net cash flows used in investing activities of approximately RMB14.8 million, primarily attributable to the purchase of financial assets such as structured deposits at fair value through profit or loss of approximately RMB48.4 million, partially offset by the proceeds upon maturity of financial assets at fair value through profit or loss of approximately RMB38.0 million.

### *Net Cash Flows Generated from Financing Activities*

For the six months ended June 30, 2025, we had net cash flows generated from financing activities of approximately RMB8.5 million, primarily attributable to new bank loan of approximately RMB22.5 million, partially offset by the repayment of bank loans of approximately RMB11.9 million.

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For the year ended December 31, 2024, we had net cash flows generated from financing activities of approximately RMB69.2 million, primarily attributable to proceeds from issue of series shares of approximately RMB80.0 million, partially offset by the repayment of bank loans of approximately RMB11.6 million.

For the year ended December 31, 2023, we had net cash flows generated from financing activities of approximately RMB7.1 million, primarily attributable to new bank loan of approximately RMB16.0 million, partially offset by the repayment of bank loans of approximately RMB6.0 million.

### CASH OPERATING COSTS

The table below sets forth key information relating to our cash operating costs for the years and the period indicated:

	Year ended 31 December		Six months ended
	2023	2024	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Research and Development Costs</b>			
<i>Research and Development Costs for Our Two Core Products</i>			
— Clinical and non-clinical research and development expenses . . . . .	1,598	5,267	4,332
— Staff costs . . . . .	5,247	4,056	1,554
— Material costs . . . . .	1,464	403	256
— Others . . . . .	1,302	2,173	529
<i>Research and Development Costs for Our Other Pipeline Products</i>			
— Clinical and non-clinical research and development expenses . . . . .	864	392	1,027
— Staff costs . . . . .	4,966	2,707	1,484
— Material costs . . . . .	1,802	200	628
— Others . . . . .	1,196	1,192	1,287
<b>Other staff costs . . . . .</b>	<b>40,055</b>	<b>32,498</b>	<b>18,253</b>
<b>Other material costs . . . . .</b>	<b>7,611</b>	<b>6,080</b>	<b>6,832</b>
<b>Other experiment and testing expenses . . . . .</b>	<b>2,868</b>	<b>5,758</b>	<b>2,751</b>
<b>Selling and distribution expenses . . . . .</b>	<b>3,253</b>	<b>3,542</b>	<b>2,309</b>
<b>Utilities . . . . .</b>	<b>1,844</b>	<b>2,483</b>	<b>445</b>
<b>Travel expenses . . . . .</b>	<b>678</b>	<b>627</b>	<b>562</b>
<b>Consultation and advisory fees . . . . .</b>	<b>739</b>	<b>1,180</b>	<b>1,050</b>
<b>Others . . . . .</b>	<b>1,956</b>	<b>2,117</b>	<b>2,282</b>

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### INDEBTEDNESS

The table below sets forth a breakdown of our indebtedness as of the dates indicated:

	As at 31 December		As at 30 June	As at 31 October
	2023	2024	2025	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Unaudited)</i>
<b>CURRENT LIABILITIES</b>				
Interest-bearing bank and other				
borrowings . . . . .	10,892	12,949	23,594	18,320
Lease liabilities . . . . .	1,858	3,419	3,877	4,558
Financial liabilities on series shares . .	134,860	335,309	336,567	489,073
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank and other				
borrowings . . . . .	8,371	—	—	—
Lease liabilities . . . . .	13,698	19,423	18,127	20,498

At the close of business on 31 October 2025, being the latest practicable date on which such information was available to us, we had outstanding indebtedness comprising interest-bearing bank and other borrowings, lease liabilities and financial liabilities on series shares of approximately RMB532.4 million.

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.

Our Directors confirm that there have been no defaults in our payment of trade or non-trade payables, or breaches of covenants of our indebtedness during the Track Record Period and up to the date of this document. During the Track Record Period and up to the date of this document, we did not experience any material difficulty in obtaining bank loans and other borrowings.

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### WORKING CAPITAL SUFFICIENCY

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

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million in the [REDACTED], assuming no [REDACTED] is exercised and at an [REDACTED] of HK\$[REDACTED] per [REDACTED]. Assuming an average cash burn rate going forward of 3.2 times of the cash burn rate level for the six months ended June 30, 2025, we estimate that our cash and cash equivalent as of June 30, 2025, taking into consideration the [REDACTED] from the Series B Financing completed in August 2025 and Series C Financing completed in November 2025, will be able to maintain our financial viability for [REDACTED] months taking into account the estimated net [REDACTED] from the [REDACTED] and 14 months without taking into account the estimated net [REDACTED] from the [REDACTED]. 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.

### CAPITAL EXPENDITURES

The table below sets forth a breakdown of our capital expenditures as at the dates indicated:

	Year ended 31 December		Six months ended
	2023	2024	30 June
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of items of property, plant and equipment . . . . .	3,956	3,140	5,603
Purchase of other intangible assets . . . . .	489	24	150
Total . . . . .	<u>4,445</u>	<u>3,164</u>	<u>5,753</u>

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

## FINANCIAL INFORMATION

### FINANCIAL RISK DISCLOSURE

Our principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and interest-bearing bank and other borrowings. We have various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals, financial liabilities on series shares and lease liabilities, which arise directly from our operations.

The main risks arising from our Group’s financial instruments are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below.

#### Credit risk

Our Group trades only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For details of our maximum exposure and year-end staging, please refer to Note 37 of the Accountants’ Report set out in Appendix I to this document.

#### Interest rate risk

We are exposed to fair value interest rate risk in relation to lease liabilities. Our Group is also exposed to cash flow interest rate risk in relation to interest-bearing loans. Our Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the effect on our Group’s loss before tax for each of the relevant periods as at the end of each reporting period that an increase/decrease of 5% in interest rate would have.

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
5% Increase of interest rate . . . . .	(1,240)	(1,142)	(1,600)
5% Decrease of interest rate . . . . .	1,240	1,142	1,600

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### Liquidity risk

Our objective is to maintain continuity of funding and flexibility through the use of internally generated cash flows from operation and bank borrowings. Our Group regularly reviews our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations. The maturity profile of our Group’s financial liabilities as at the end of each of the relevant periods, based on the contractual undiscounted payments, is as follows:

As at 31 December 2023

	<u>On demand</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	3,346	—	—	3,346
Financial liabilities included in other payables and accruals . . . . .	19,023	—	—	19,023
Lease liabilities . . . . .	—	2,529	15,530	18,059
Interest-bearing bank and other borrowings . . . . .	—	11,268	9,063	20,331
	<u>22,369</u>	<u>13,797</u>	<u>24,593</u>	<u>60,759</u>

As at 31 December 2024

	<u>On demand</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	1,837	—	—	1,837
Financial liabilities included in other payables and accruals . . . . .	22,640	—	—	22,640
Lease liabilities . . . . .	—	4,320	21,479	25,799
Interest-bearing bank and other borrowings . . . . .	—	13,583	—	13,583
	<u>24,477</u>	<u>17,903</u>	<u>21,479</u>	<u>63,859</u>

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As at 30 June 2025

	<u>On demand</u>	<u>Within 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	4,914	—	—	4,914
Financial liabilities included in other payables and accruals . . . . .	20,691	—	—	20,691
Lease liabilities . . . . .	—	4,364	20,131	24,495
Interest-bearing bank and other borrowings . . . . .	10,193	14,455	—	24,648
	<u>35,798</u>	<u>18,819</u>	<u>20,131</u>	<u>74,748</u>

### Capital management

Our policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

Our Directors review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. Our Group will balance our overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. Our overall strategy remained unchanged during the relevant periods.

The asset-liability ratios as at the end of each of relevant periods are as follows:

	<u>As at 31 December</u>		<u>As at 30 June</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets . . . . .	78,749	140,617	132,933
Total liabilities . . . . .	214,831	423,783	436,911
Asset-liability ratio . . . . .	<u>272.80%</u>	<u>301.37%</u>	<u>328.67%</u>

## FINANCIAL INFORMATION

### TRANSACTIONS WITH RELATED PARTIES

During the Track Record Period, we had entered into certain transactions with our related parties. The table below sets forth the relationships between our Group and our related parties:

	Relationship with our Group
Dr. Wu Chuanbin .....	Director and Shareholder
Ms. Pan Xin .....	Director
Ms. Jia Lu .....	Director

The table below sets forth a breakdown of our outstanding balances with related parties as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other payables</b>			
Ms. Pan Xin .....	—	700	—
Ms. Jia Lu .....	—	200	—

All the outstanding balances were unsecured, interest-free and of non-trade in nature.

The table below sets forth a breakdown of our Group’s bank and other borrowings that are secured by related parties as at the dates indicated:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dr. Wu Chuanbin .....	19,263	10,372	22,519
Ms. Pan Xin .....	9,252	8,370	—

The above guarantees provided by the related parties are expected to be released before the [REDACTED].

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Our Directors confirm that all transactions with related parties described in Note 34 of the Accountants' Report set out in Appendix I to this document were conducted on normal commercial terms and/or on terms not less favourable than terms available from independent third parties, which are considered fair, reasonable and in the interest of the Shareholders as a whole.

As of the date of this document, we settled all outstanding balances with related parties.

### **DIVIDEND**

No dividend has been paid or declared by our Company during the Track Record Period.

We currently expect to retain all future earnings for use in the operation and expansion of our business, and do not have any dividend policy to declare or pay any dividends in the near future. Any declaration and payment as well as the amount of dividends will be subject to our Articles of Association and the PRC Company Law. The declaration and payment of any dividends in the future will be determined by our Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board.

Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make, as determined in accordance with its articles of association and the accounting standards and regulations in China. As advised by our PRC Legal Advisor, taking into account the aforesaid, we may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or even if we become profitable, as we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

### **DISTRIBUTABLE RESERVES**

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

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### [REDACTED] EXPENSES

Our [REDACTED] expenses mainly include [REDACTED] fees and commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the [REDACTED] and the [REDACTED]. Assuming full payment of the discretionary incentive fee, the estimated total [REDACTED] expenses (based on the [REDACTED] of HK\$[REDACTED] and assuming that the [REDACTED] is not exercised) for the [REDACTED] are approximately RMB[REDACTED] million and are expected to represent approximately [REDACTED]% of the gross [REDACTED] of the [REDACTED], comprising of (i) [REDACTED] expenses, including [REDACTED] commission and other expenses, of approximately RMB[REDACTED] million; and (ii) [REDACTED] expenses of approximately RMB[REDACTED] million, including (a) fees paid and payable to our legal advisers and Reporting Accountants of approximately RMB[REDACTED] million; and (b) other fees and expenses, including sponsor fees, of approximately RMB[REDACTED] million.

During the Track Record Period, we did not incur any [REDACTED] expenses. We expect to incur [REDACTED] expenses of approximately RMB[REDACTED] million after the Track Record Period, of which an estimated amount of approximately RMB[REDACTED] million is expected to be charged to profit and loss and the remaining amount of approximately RMB[REDACTED] million is expected to be recognized directly as a deduction from equity upon the [REDACTED].

[REDACTED]

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## FINANCIAL INFORMATION

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[REDACTED]

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## FINANCIAL INFORMATION

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[REDACTED]

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position since June 30, 2025 (being the date on which the latest audited consolidated financial information of our Company was prepared) and there is no event since June 30, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors 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.