
FINANCIAL INFORMATION

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

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

OVERVIEW

We are a clinical-stage biotechnology company dedicated to the discovery, development, manufacture and commercialization of novel oncolytic immunotherapies and engineered exosome therapies, by harnessing our proprietary biological engineering technology. We have strategically designed, self-discovered and built a risk-balanced product portfolio that comprised two oncolytic immunotherapy candidates for solid tumors and five engineered exosome assets poised for clinical application or direct commercialization, as of the Latest Practicable Date. Driven by our vision to become a global leader in the full spectrum of bladder cancer treatment development, we have adopted a rationalized, adaptive approach to advance oncolytic immunotherapy candidates with high clinical potential globally. In parallel, leveraging our deep expertise in biological engineering, we have pioneered development of engineered exosome candidates targeting chronic, hard-to-treat diseases as well as age-related conditions.

We currently have no products approved for commercial sales under the clinical regulatory pathway and have not generated any revenue from product sales during the Track Record Period. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we incurred loss of RMB481.8 million, RMB523.8 million, RMB337.9 million and RMB374.6 million, respectively, which primarily resulted from expenses in relation to our research and development activities and

FINANCIAL INFORMATION

administrative activities. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recognized revenue of RMB6.8 million, RMB3.2 million, RMB2.6 million and RMB1.3 million, respectively, which were derived from out-licensing and collaboration arrangements.

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

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”), which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting period commencing on or before January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information throughout the Track Record Period.

Our historical financial information has been prepared on a historical cost convention, except for financial assets and financial liabilities which have been measured at fair value. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Our historical financial information has been prepared under the going concern basis notwithstanding the fact that, as of September 30, 2025, our Group recorded net liabilities of RMB2,153.9 million and net current liabilities of RMB2,190.2 million. The net current liabilities and deficiency in assets primarily arose from the Preferred Shares included in financial liabilities at fair value through profit or loss amounting to RMB2,203.6 million as of September 30, 2025. As disclosed in Note 25 to the Accountants’ Report set out in Appendix I to this document, since the redemption rights of the Preferred Shares were conditionally paused upon the first submission of the [REDACTED] application to the Stock Exchange on June 25, 2025, our Directors do not expect the Preferred Shares to be redeemed within twelve months since the date of approval of our historical financial information. In addition, our Directors have reviewed our Group’s cash flow projection prepared by management, which covered a period of not less than twelve months from September 30, 2025. In the opinion of our Directors, taking into account (i) our Group’s financial resources on hand, including an aggregating bank facilities of RMB170.0 million, (ii) the conditional pause of the redemption rights of the Preferred Shares and the conversion of the Preferred Shares into ordinary shares of our Company in connection with the proposed

FINANCIAL INFORMATION

[REDACTED] within 18 months from the First Submission Date, (iii) the cash and cash equivalents and time deposits, our Directors are of the opinion that our Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due for the next twelve months from September 30, 2025. Accordingly, our historical financial information has been prepared on a going concern basis.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully advance our drug development programs, demonstrate favorable safety and efficacy clinical trial results, obtain the requisite regulatory approvals, secure adequate manufacturing capacity, and commercialize our products in targeted markets as planned. By harnessing our deep understanding of oncolytic immunotherapies and engineered exosomes as well as extensive expertise in biological engineering and delivery technology, we have cultivated a differentiated pipeline of seven candidates, including two clinical-stage oncolytic immunotherapy candidates, two preclinical-stage engineered exosome candidates, as well as three engineered exosome products poised for direct commercialization. See “Business — Our Product Portfolio” for more information on the development status of our drug candidates.

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

Our Existing and Future License and Collaboration Arrangements

In recent years, we entered into a number of license and collaboration agreements with international and domestic leading companies in the industry. For details, see “Business — Collaboration Agreements.” These arrangements not only enable us to maximize the clinical and commercial value of our product candidates, but also furnish us the capital support to advance our pipeline assets and foster our long-term growth. During the Track Record Period, we generated revenue in relation to our out-license and collaboration agreements for certain product candidates, which amounted to RMB6.8 million, RMB3.2 million, RMB2.6 million and RMB1.3 million in

FINANCIAL INFORMATION

2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. We are eligible to receive further payments upon the achievement of specified development, regulatory and commercial milestones, subject to terms and conditions of these agreements. Upon commercialization, we will also be eligible to receive royalties on net sales of the products.

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

Our Cost Structure

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

During the Track Record Period, our research and development expenses were the largest component of our cost structure, which primarily consisted of (i) trial and testing expenses, primarily representing CRO and CDMO service fees, (ii) staff costs, including wages, bonus, social insurance and other welfare for our research and development personnel, (iii) depreciation and amortization of property and equipment, right-of-use assets, and intangible assets used for research and development purposes, (iv) material costs related to raw materials and consumables, and (v) share-based payment for our research and development personnel. See “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss — Research and Development Expenses” for details. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses amounted to RMB136.2 million, RMB111.5 million, RMB74.8 million and RMB72.3 million, respectively.

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, including wages, bonus, social insurance and other welfare for our administrative personnel, (ii) depreciation and amortization for right-of-use assets, property and equipment, and intangible assets used for administrative purposes, (iii) share-based payment for our administrative personnel, (iv) office and rental expenses, and (v) professional service fees, primarily in relation to our business collaboration activities. See “— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income or Loss — Administrative Expenses” for details. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our administrative expenses amounted to RMB36.1 million, RMB46.8 million, RMB31.3 million and RMB67.2 million, respectively.

FINANCIAL INFORMATION

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

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financings. Going forward, in the event of successful commercialization of one or more of our product candidates, we expect to primarily fund our operations with cash and cash equivalents, time deposits, bank facilities, considerations received under respective license and collaboration agreements, [REDACTED] from the [REDACTED], as well as revenue generated from sales of our successfully commercialized products. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private offerings, debt financing, collaboration arrangements and licensing arrangements or other funding sources. Any fluctuation in the funding for our operations will impact our cash flow and our results of operations.

MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of our historical financial information requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ.

Set out below are material accounting policies, judgments and estimates which we believe are most important for understanding our results of operations and financial condition. See Note 2, Note 3 and other notes to the relevant financial line items or transactions to the Accountant's Report set out in Appendix I to this document for a detailed description of our material accounting policies, judgments and estimates.

FINANCIAL INFORMATION

Revenue Recognition

Revenue from Contracts with Customers

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

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

License and collaboration revenue

We entered into a license and collaboration agreement (the “**Agreement**”) for research, development, manufacturing and commercialization services with one customer in 2020. Pursuant to the Agreement, we will grant an exclusive license to the customer to develop, manufacture and commercialize the licensed product, provide research and development services, participate in the Joint Steering Committee (“**JSC**”) and provide technical support services in the PRC. We are entitled to a non-refundable upfront fee upon the delivery of the initial technology documents of RMB20 million, milestones payments for the registration of patent authorization of RMB30 million, specified development milestones and specified regulatory milestones in aggregate amounted to RMB800 million and sales-based royalties including milestone payments based on the level of net sales of the Agreement. Milestone payment is a form of variable consideration which is included in the transaction price to the extent that it is highly probable that a significant reversal of accumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The contracts generally do not include a significant financing component.

At contract inception, we assess the goods or services promised within each contract and determines those that are performance obligations, and assess whether each promised good or service is distinct. In assessing whether a license is distinct from the other promises, we consider factors such as the research, development, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. In addition, we consider whether the counterparty can benefit from a license for its intended purpose without the receipt of the remaining promises by considering whether the value of the license is dependent on the unsatisfied promises, whether there are other vendors that could provide the

FINANCIAL INFORMATION

remaining promises, and whether it is separately identifiable from the remaining promises. We determined that the promises in the Agreement represent one combined performance obligation, because these promises are mutually dependent and the customer is unable to derive significant benefits from its access to each promise for the intended purpose without receipt of the remaining promises, which are highly specialized and cannot be performed by others.

We use judgement to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price. Upon contract inception, we have estimated that the total transaction price is constrained to RMB50 million which included upfront fee upon the delivery of the initial technology documents of RMB20 million and payments for the registration of patent authorization of RMB30 million.

Sales-based royalty including milestone payments will be recognized until the later of the subsequent sales occur or the performance obligation is satisfied (or partially satisfied).

At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within our control, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. We evaluate factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone in making this assessment. There is considerable judgement involved in determining whether it is probable that a significant reversal of cumulative revenue would not occur. At the end of each subsequent Track Record Period, we re-evaluate the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price.

We recognize revenue only when it satisfies a performance obligation by transferring control of the promised goods or services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria.

- The counterparty simultaneously receives and consumes the benefits provided by our performance as we perform.
- Our performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced.
- Our performance does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

FINANCIAL INFORMATION

We determine that revenue from the single combined performance obligation is recognized over time, using an input method to measure progress towards complete satisfaction of the service. 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.

Other income

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

Fair Value Measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

FINANCIAL INFORMATION

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are 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 of the Track Record Period.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and payables, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs. Our financial liabilities include trade and other payables, convertible redeemable preferred shares, warrant liability and lease liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities 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 the statement of 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. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

FINANCIAL INFORMATION

Convertible redeemable preferred shares

The convertible redeemable preferred shares with embedded derivatives whose economic risks and characteristics are not closely related to those of the host contract (the liability component) as a whole are designated as financial liabilities at fair value through profit or loss on initial recognition.

We designated convertible redeemable preferred shares as financial liabilities at fair value through profit or loss. They are initially recognized at fair value. Any directly attributable transaction costs are recognized as finance costs in the statement of profit or loss. Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value with changes in fair value recognized in the statement of profit or loss. Fair value change of the convertible redeemable preferred shares that is attributable to changes in its own credit risk are subsequently recognized in the other comprehensive income.

Warrant liability

We issued warrant which entitled the investor to purchase certain number of the convertible redeemable preferred shares issued by our Company at an agreed exercise price. The warrant is a derivative financial instrument which is initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value.

Financial liabilities at amortized cost (trade and other payables)

After initial recognition, trade and other payables 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 the statement of 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 the statement of profit or loss.

FINANCIAL INFORMATION

Property and Equipment and Depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, we recognize such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Laboratory equipment	20% to 33%
Electronic equipment	20% to 33%
Office equipment	20%
Leasehold improvement	Over the shorter of the lease terms and 20%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents equipment under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

FINANCIAL INFORMATION

Share-based Payments

Our Company operates an equity-settled share-based payment scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Our employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("**Equity-Settled Transactions**").

The cost of Equity-Settled Transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in Note 28 to the Accountant's Report set out in Appendix I to this document.

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

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

FINANCIAL INFORMATION

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

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

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(Unaudited)</i>	<i>(RMB'000)</i>
Revenue	6,772	3,200	2,639	1,305
Cost of sales	(23,512)	(12,437)	(10,587)	(2,155)
Gross loss	(16,740)	(9,237)	(7,948)	(850)
Other income and gains	23,612	17,771	10,067	5,206
Research and development expenses . .	(136,201)	(111,542)	(74,802)	(72,304)
Administrative expenses	(36,060)	(46,843)	(31,337)	(67,247)
Other expenses ⁽¹⁾	(1,749)	(3,018)	(1,086)	(1,334)
Fair value changes of convertible redeemable preferred shares and warrant liability	(313,871)	(369,839)	(231,910)	(237,667)
Finance costs	(744)	(1,047)	(894)	(307)
Loss before tax	(481,753)	(523,755)	(337,910)	(374,503)
Income tax expense	—	—	—	(80)
Loss for the year/period	(481,753)	(523,755)	(337,910)	(374,583)
Other comprehensive (loss)/income				
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(17,297)	(14,959)	11,599	13,685
Reclassification adjustments for a foreign operation disposed of during the year	—	—	—	(344)
	(17,297)	(14,959)	11,599	13,341
<i>Other comprehensive (loss)/ income that will not be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of the Company	(2,335)	(8,979)	16,512	10,168
Fair value change of convertible redeemable preferred shares due to own credit risk	16,702	(3,903)	23,315	(34,377)
	14,367	(12,882)	39,827	(24,209)
Other comprehensive loss for the year/period, net of tax	(2,930)	(27,841)	51,426	(10,868)
Total comprehensive loss for the year/period	(484,683)	(551,596)	(286,484)	(385,451)

Notes:

(1) During the Track Record Period, our other expenses primarily consisted of cost of raw materials sold, foreign exchange differences, loss on disposal of items of property and equipment, termination expenses for lease cancellations and write-down of inventories to net realizable value.

FINANCIAL INFORMATION

Revenue

During the Track Record Period, our revenue was derived from out-licensing and collaboration arrangements, mainly representing upfront payments, patent license grant payments and other considerations received from respective partners. See “Business — Collaboration Agreements” for details. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our revenue was RMB6.8 million, RMB3.2 million, RMB2.6 million and RMB1.3 million, respectively. We generated our revenue primarily from mainland China during the Track Record Period.

Cost of sales

During the Track Record Period, our cost of sales was primarily related to the research and development activities we conducted in accordance with our out-licensing and collaboration agreements. The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of the total cost of sales for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(Unaudited)</i>							
Staff costs	5,555	23.6	2,987	24.0	2,797	26.4	806	37.4
Material costs	6,114	26.0	2,836	22.8	2,261	21.4	10	0.5
Trial and testing expenses . . .	9,377	39.9	4,758	38.3	3,944	37.2	1,017	47.2
Others ⁽¹⁾	2,466	10.5	1,856	14.9	1,585	15.0	322	14.9
Total	23,512	100.0	12,437	100.0	10,587	100.0	2,155	100.0

Note:

(1) Others mainly included intellectual property application and maintenance expenses, depreciation and amortization, transportation costs, and travel expenses.

Gross Loss and Gross Loss Margin

Our gross loss represents our revenue less our cost of sales. Our gross loss margin represents our gross loss as a percentage of our revenue. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our gross loss was RMB16.7 million, RMB9.2 million, RMB7.9 million and RMB850 thousand, respectively. For the same periods, our gross loss margin was 247.2%, 288.7%, 301.2% and 65.1%, respectively.

FINANCIAL INFORMATION

Other Income and Gains

During the Track Record Period, our other income and gains mainly consisted of (i) bank interest income derived from our time deposits, (ii) government grants income that we received from the local government authorities to support our research and development activities, certain amounts of which are restricted and can only be used for designated purposes related to our product candidates, including the purchase of equipment, operating expenses, performance-based salaries for R&D personnel and project management fees, (iii) gains on disposal of financial assets at fair value through profit or loss, and (iv) gain on disposal of items of property and equipment. The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of the total other income and gains for the periods indicated:

	Year Ended December 31,		Nine Months Ended	
			September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(Unaudited)</i>	
Other income:				
Bank interest income	6,685	6,329	4,356	2,410
Government grants	16,113	8,159	3,875	1,546
Investment income from financial assets at fair value through profit or loss	529	890	582	—
Others	233	1,360	684	1,246
Gains:				
Gain on early termination of lease . . .	8	1,029	561	—
Gain on disposal of items of property and equipment	44	4	4	—
Others	—	—	5	4
Total	23,612	17,771	10,067	5,206

FINANCIAL INFORMATION

Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of (i) trial and testing expenses, primarily representing CRO and CDMO service fees, (ii) staff costs, including wages, bonus, social insurance and other welfare for our research and development personnel, (iii) depreciation and amortization of property and equipment, right-of-use assets, and intangible assets used for research and development purposes, (iv) material costs related to raw materials and consumables, and (v) share-based payment for our research and development personnel. The following table sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(Unaudited)</i>							
Trial and testing expenses . . .	72,710	53.4	47,843	42.9	37,837	50.7	16,680	23.1
Staff costs	28,955	21.3	25,567	22.9	19,111	25.5	14,599	20.2
Depreciation and amortization expenses	14,938	11.0	13,329	11.9	8,382	11.2	10,796	14.9
Material costs	10,114	7.4	2,763	2.5	1,448	1.9	6,108	8.4
Share-based payment expenses	3,254	2.4	15,803	14.2	3,729	5.0	17,284	23.9
Others ⁽¹⁾	6,230	4.5	6,237	5.6	4,295	5.7	6,837	9.5
Total	136,201	100.0	111,542	100.0	74,802	100.0	72,304	100.0

Note:

- (1) Others mainly included travel expenses, transportation and courier costs, rental expenses, office expenses, and equipment leasing and maintenance expenses.

FINANCIAL INFORMATION

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, research and development expenses attributable to our Core Product were RMB107.8 million, RMB75.5 million, RMB49.3 million and RMB45.5 million, respectively, accounting for 79.2%, 67.7%, 65.9% and 63.0% of our total research and development expenses for the corresponding periods, respectively. In 2023, 2024 and the nine months ended September 30, 2024 and 2025, our research and development expenses accounted for 79.1%, 70.4%, 70.5% and 51.8% of our total operating expenses (which equals the sum of research and development expenses and administrative expenses), respectively. The decreases in the research and development expenses attributable to our Core Product in 2024 and the nine months ended September 30, 2025 were primarily due to reduced trial and testing expenses associated with development progress of our clinical programs.

The following table sets forth a breakdown of our research and development expenses by product candidate in absolute amounts and as percentages of the total research and development expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(Unaudited)</i>							
Core Product								
MVR-T3011								
— T3011-IT	16,732	12.3	11,075	9.9	10,805	14.4	5,388	7.5
— T3011-IV	44,396	32.6	13,059	11.7	10,751	14.4	4,528	6.3
— T3011-IP	46,713	34.3	51,328	46.0	27,741	37.1	35,612	49.2
Subtotal.	107,842	79.2	75,461	67.7	49,297	65.9	45,528	63.0
Other Product Candidates								
MVR-C5252	4,374	3.2	6,519	5.8	3,947	5.3	3,828	5.3
Engineered exosomes.	23,985	17.6	29,561	26.5	21,558	28.8	22,948	31.7
Total	136,201	100.0	111,542	100.0	74,802	100.0	72,304	100.0

FINANCIAL INFORMATION

Administrative Expenses

During the Track Record Period, our administrative expenses consisted of (i) staff costs, including wages, bonus, social insurance and other welfare for our administrative personnel, (ii) depreciation and amortization for right-of-use assets, property and equipment, and intangible assets used for administrative purposes, (iii) share-based payment for our administrative personnel, (iv) office and rental expenses, and (v) professional service fees paid to legal advisors, auditors, and other consulting service providers. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,				Nine Months Ended September 30,			
	2023		2024		2024		2025	
	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%	<i>(RMB'000)</i>	%
	<i>(Unaudited)</i>							
Staff costs	17,998	49.9	18,751	40.0	14,115	45.1	13,913	20.7
Depreciation and amortization expenses	1,893	5.3	11,974	25.6	7,278	23.2	8,906	13.2
Share-based payment expenses	4,881	13.5	5,131	11.0	3,454	11.0	19,004	28.4
Office and rental expenses . .	4,117	11.4	3,249	6.9	1,758	5.6	3,373	5.0
Professional service fees. . . .	2,678	7.4	2,236	4.8	1,694	5.4	19,060	28.3
Others ⁽¹⁾	4,493	12.5	5,502	11.7	3,038	9.7	2,991	4.4
Total	36,060	100.0	46,843	100.0	31,337	100.0	67,247	100.0

Note:

- (1) Others mainly included daily operational and maintenance expenses, recruitment fee, disposal of office equipment, and office relocation costs.

FINANCIAL INFORMATION

Fair Value Changes of Convertible Redeemable Preferred Shares and Warrant Liability

Our convertible redeemable preferred shares and warrant liability primarily represented our Preferred Shares issued in previous equity financings. See “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares” for details. The fair value changes of convertible redeemable preferred shares are recognized in profit or loss unless they are related to our own credit risk, which are recognized in other comprehensive loss. Our fair value changes on convertible redeemable preferred shares amounted to RMB313.9 million, RMB369.8 million, RMB231.9 million and RMB237.4 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. For more details, see Note 25 to the Accountants’ Report set out in Appendix I to this document.

Income Tax Expense

In 2023, 2024 and the nine months ended September 30, 2024 and 2025, we recorded income tax expenses of nil, nil, nil, and RMB80 thousand. We are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, our Group is not subject to any income tax in Cayman Islands. Our Directors confirm that during the Track Record Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions, and we are not aware of any outstanding or potential disputes with such tax authorities. Our principal applicable taxes and tax rates are set out below.

Mainland China

Pursuant to the PRC Corporate Income Tax Law (the “**PRC Tax Law**”) effective on January 1, 2008, the PRC corporate income tax rate of Immvira Shenzhen during the Track Record Period was 25% of its taxable profits. Immvira Shenzhen was accredited as small and medium-sized technology-based enterprise during the Track Record Period, and the certificate is valid for one year. For enterprises that have the qualifications of small and medium-sized technology enterprises in the current year, their unrecovered losses in the five years before the qualification year are allowed to be carried forward to make up for the following years, and the longest carry-forward period is extended to 10 years from five years.

Pursuant to the PRC Corporate Income Tax Law (the “**PRC Tax Law**”) effective on January 1, 2008, the PRC corporate income tax rate of Immvira Suzhou during the Track Record Period was 25% of their taxable profits.

FINANCIAL INFORMATION

For the year ended December 31, 2024, one of the subsidiaries of the Company, EonVeLab is qualified as a small and low-profit enterprise in the PRC. EonVeLab is assessed the PRC enterprise income tax on the following basis: if its annual taxable income is less than RMB1.0 million, the applicable enterprise income tax rate determined by the relevant authority is 5%. Since January 1, 2025, EonVeLab did not meet the recognition conditions of small and micro enterprises, so the applicable income tax rate for the nine months ended September 30, 2025 is 25%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Track Record Period. No provision for Hong Kong profits tax has been made as our Group has no assessable profits derived from or earned in Hong Kong during the Track Record Period.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue decreased from RMB2.6 million for the nine months ended September 30, 2024 to RMB1.3 million for the nine months ended September 30, 2025, primarily attributable to less payments recognized under our out-licensing and collaboration arrangement, as the patient enrollment for the clinical study in collaboration with SPH for MVR-T3011 via intratumoral administration in China completed and the trial progressed to the data analysis stage, resulting in lower revenue recognition.

Cost of Sales

Our cost of sales decreased from RMB10.6 million for the nine months ended September 30, 2024 to RMB2.2 million for the nine months ended September 30, 2025, primarily due to reduced costs associated with the clinical study in collaboration with SPH for MVR-T3011 via intratumoral administration in China, as the trial progressed from the patient enrollment stage to the data analysis stage, which incurred lower expenditures.

FINANCIAL INFORMATION

Gross Loss and Gross Loss Margin

As a result of the fluctuations in our revenue and cost of sales, our gross loss decreased from RMB7.9 million for the nine months ended September 30, 2024 to RMB850 thousand for the nine months ended September 30, 2025. Our gross loss margin decreased from 301.2% to 65.1% for the same periods.

Other Income and Gains

Our other income and gains decreased from RMB10.1 million for the nine months ended September 30, 2024 to RMB5.2 million the nine months ended September 30, 2025, primarily due to (i) a decrease of RMB2.3 million in government grants, which primarily due to the reduction of certain revenue-related incentive subsidies we received, which were one-off in nature and (ii) a decrease of RMB1.9 million in bank interest income.

Research and Development Expenses

Our research and development expenses decreased from RMB74.8 million for the nine months ended September 30, 2024 to RMB72.3 million for the nine months ended September 30, 2025, primarily due to a decrease of RMB21.2 million in trial and testing expenses attributable to MVR-T3011, reflecting a shift in our R&D focus and the progression of certain pipeline programs into subsequent development stages. In particular, we completed a Phase I/IIa clinical trial via intratumoral administration in treating advanced solid tumors in China in January 2024. Following the completion of earlier-stage exploratory clinical studies of MVR-T3011 across multiple solid tumor indications, we strategically narrowed our clinical focus to bladder cancer, with the clinical trial via intravesical administration in treatment of high-risk, BCG-unresponsive NMIBC in the U.S. not commencing until June 2025, resulting in a temporary reduction in trial-related expenditures during the period. See “Business — Our Product Portfolio — Oncolytic Immunotherapy Candidates — MVR-T3011, our Core Product — Material Communication with Competent Authority” for details.

Administrative Expenses

Our administrative expenses increased from RMB31.3 million for the nine months ended September 30, 2024 to RMB67.2 million for the nine months ended September 30, 2025, primarily due to (i) an increase of RMB17.4 million in professional service fees, (ii) an increase of RMB15.6 million in share-based payment expenses, and (iii) an increase of RMB1.6 million in depreciation and amortization expenses.

FINANCIAL INFORMATION

Other Expenses

Our other expenses increased from RMB1.1 million for the nine months ended September 30, 2024 to RMB1.3 million for the nine months ended September 30, 2025, primarily due to an increase in cost of materials sold and write-down of inventories.

Fair Value Changes of Convertible Redeemable Preferred Shares and Warrant Liability

We recorded fair value losses on convertible redeemable preferred shares and warrant liability of RMB231.9 million and RMB237.7 million for the nine months ended September 30, 2024 and 2025, respectively, reflecting changes in the fair value of our convertible redeemable preferred shares.

Finance Costs

Our finance costs decreased from RMB0.9 million for the nine months ended September 30, 2024 to RMB0.3 million for the nine months ended September 30, 2025, primarily due to a decrease in interest expenses on lease liabilities in relation to termination of certain leases.

Income Tax Expense

Our income tax expense was RMB80 thousand for the nine months ended September 30, 2025, as compared to nil for the nine months ended September 30, 2024, primarily due to the upfront payments we received in the nine months ended September 30, 2025.

Loss for the Year/Period

As a result of the foregoing, we recorded a loss of RMB337.9 million and RMB374.6 million for the nine months ended September 30, 2024 and 2025, respectively.

FINANCIAL INFORMATION

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

Revenue

Our revenue decreased from RMB6.8 million in 2023 to RMB3.2 million in 2024, primarily due to less upfront payments recognized in 2024 under our specific out-licensing and collaboration arrangement, and the milestone events that would trigger payment obligations of our partner under such arrangement had not been achieved as of December 31, 2024.

Cost of Sales

Our cost of sales decreased from RMB23.5 million in 2023 to RMB12.4 million in 2024, in line with the research and development activities we conducted in accordance with our out-licensing and collaboration agreements.

Gross Loss and Gross Loss Margin

As a result of the fluctuations in our revenue and cost of sales, our gross loss decreased from RMB16.7 million in 2023 to RMB9.2 million in 2024. Our gross loss margin increased from 247.2% to 288.7% for the same periods.

Other Income and Gains

Our other income and gains decreased from RMB23.6 million in 2023 to RMB17.8 million in 2024, primarily due to a decrease of RMB8.0 million in government grants. The government grants we received decreased from RMB16.1 million in 2023 to RMB8.2 million in 2024 is primarily because (i) we concluded the clinical trial in Australia in late 2023, leading to a significant reduction in related R&D expenses in 2024. Since the Australian government subsidies are directly linked to R&D expenses, these grants decreased by approximately RMB2.8 million from 2023 to 2024; and (ii) we received a one-off subsidy for obtaining IND approval of our MVR-T3011 in 2023.

Research and Development Expenses

Our research and development expenses decreased from RMB136.2 million in 2023 to RMB111.5 million in 2024, primarily due to a decrease of RMB24.9 million in trial and testing expenses and a decrease of RMB7.4 million in material costs, partially offset by an increase of RMB12.5 million in share-based payment expenses. The decreases in trial and testing expenses and material costs were consistent with the progress of our research and development activities mainly attributable to our Core Product, as we completed the Phase I portion of a Phase I/IIa clinical trial

FINANCIAL INFORMATION

of MVR-T3011 via intravenous administration in treatment of advanced solid tumors in the U.S. in November 2023, and completed a Phase I/IIa clinical trial of MVR-T3011 via intratumoral administration in treating advanced solid tumors in China in January 2024, while the clinical trial of MVR-T3011 via intravesical administration in treatment of high-risk, BCG-unresponsive NMIBC in the U.S. had not commenced until June 2025. See “Business — Our Product Portfolio — Oncolytic Immunotherapy Candidates — MVR-T3011, our Core Product — Material Communication with Competent Authority” for details.

Administrative Expenses

Our administrative expenses increased from RMB36.1 million in 2023 to RMB46.8 million in 2024, primarily due to an increase of RMB10.1 million in depreciation and amortization expenses in relation to the new facility we leased in 2024.

Other Expenses

Our other expenses increased from RMB1.7 million in 2023 to RMB3.0 million in 2024, primarily due to an increase in net foreign exchange losses resulting from the fluctuations in exchange rate.

Fair Value Changes of Convertible Redeemable Preferred Shares and Warrant Liability

We recorded fair value losses on convertible redeemable preferred shares and warrant liability of RMB313.9 million and RMB369.8 million in 2023 and 2024, respectively, reflecting changes in the fair value of our convertible redeemable preferred shares.

Finance Costs

Our finance costs increased from RMB0.7 million in 2023 to RMB1.0 million in 2024, primarily due to an increase in interest expenses on lease liabilities as we leased a new facility in 2024.

Loss for the Year/Period

As a result of the foregoing, we recorded a loss of RMB481.8 million and RMB523.8 million in 2023 and 2024, respectively.

FINANCIAL INFORMATION

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

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

	As of December 31,		As of
			September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Non-current assets			
Property and equipment	23,659	48,473	31,373
Right-of-use assets	8,836	7,972	4,919
Intangible Assets	3,865	6,973	6,543
Prepayments, other receivables and other assets	5,258	11,610	16,238
Total non-current assets	41,618	75,028	59,073
Current assets			
Inventories	11,751	12,991	13,061
Prepayments, other receivables and other assets	16,120	6,181	9,688
Amounts due from the directors	1,002	1,002	—
Restricted cash	—	1,500	18,564
Time deposits with original maturity of over three months	—	35,726	—
Cash and cash equivalents	232,498	112,388	68,594
Total current assets	261,371	169,788	109,907
Current liabilities			
Trade payables	28,434	45,380	49,664
Other payables	6,779	20,635	23,239
Interest-bearing bank borrowings	—	—	2,000
Contract liabilities	3,200	4,261	11,709
Lease liabilities	4,775	4,010	4,120
Warrant liability	5,542	5,622	5,774
Convertible redeemable preferred shares	1,510,348	1,956,078	2,203,593
Total current liabilities	1,559,078	2,035,986	2,300,099
Net current liabilities	(1,297,707)	(1,866,198)	(2,190,192)
Total assets less current liabilities	(1,256,089)	(1,791,170)	(2,131,119)
Non-current liabilities			
Interest-bearing bank borrowings	—	—	18,000
Deferred income	538	1,506	3,750
Contract liabilities	12,177	7,916	—
Lease liabilities	5,312	4,186	1,071
Total non-current liabilities	18,027	13,608	22,821
Net liabilities	(1,274,116)	(1,804,778)	(2,153,940)

FINANCIAL INFORMATION

Property and Equipment

During the Track Record Period, our property and equipment consisted of leasehold improvement, laboratory equipment, office equipment, electronic equipment, and construction in progress. The following table sets forth a breakdown of our property and equipment as of the dates indicated:

	As of December 31,		As of
			September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Leasehold improvement	2,755	32,597	20,372
Laboratory equipment	18,419	13,946	9,750
Office equipment	616	941	734
Electronic equipment.	1,567	989	517
Construction in progress	302	—	—
Total	23,659	48,473	31,373

Our property and equipment increased from RMB23.7 million as of December 31, 2023 to RMB48.5 million as of December 31, 2024, primarily due to an increase of RMB29.8 million in leasehold improvement related to the renovation of a new facility we leased in 2024, partially offset by a decrease of RMB4.5 million in the depreciation of our laboratory equipment. Our property and equipment decreased from RMB48.5 million as of December 31, 2024 to RMB31.4 million as of September 30, 2025, primarily due to the depreciation of our leasehold improvement and laboratory equipment.

Impairment of Non-Financial Assets

We assess whether there are any indicators of impairment for our non-financial assets (including property and equipment, right-of-use assets and intangible assets) at the end of each period comprising the Track Record Period by reviewing the internal and external sources of information. As of December 31, 2023 and 2024 and September 30, 2025, no indicators of impairment for our non-financial assets were identified, given that (i) no adverse changes affecting our leased properties have taken place during the periods, or are expected to take place in the near future, in the technological, market, economic or legal environment in which such properties operate; (ii) all equipment, including laboratory equipment and computer software, remains in use as we continue normal business operations; and (iii) no obsolescence or physical damage to our non-financial assets have taken place during the periods, or are expected to take place in the near future.

FINANCIAL INFORMATION

Inventories

Our inventories mainly consist of reagents, consumables, yeast extracts and exosomes used in our research and development activities and for commercialization purposes. Our inventories amounted to RMB11.8 million, RMB13.0 million and RMB13.1 million as of December 31, 2023 and 2024 and September 30, 2025, respectively. The overall increase over the Track Record Period was primarily due to the stock-up of raw materials in alignment with the ramp-up of our research and development activities.

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

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within 1 year	3,323	7,319	10,734
1 to 2 years	6,969	1,264	477
Over 2 years	3,421	6,987	5,026
Total	13,713	15,570	16,237
Less: write down of inventories	(1,962)	(2,579)	(3,176)
Carrying value.	11,751	12,991	13,061

As of November 30, 2025, RMB4.9 million, or 30.4% of our inventories as of September 30, 2025 had been sold or utilized.

FINANCIAL INFORMATION

Prepayments, Other Receivables and Other Assets

During the Track Record Period, our prepayments, other receivables and other assets primarily included (i) prepayments for equipment, (ii) deposits and other other receivables in relation to deposits under lease agreements and loans to our employees, and (iii) value-added tax recoverable. The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of
	2023	2024	September 30,
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	2025 <i>(RMB'000)</i>
Non-current:			
Prepayments for equipment	78	772	760
Due from related parties	796	796	841
Deposits and other receivables	1,605	399	2,358
Value-added tax recoverable	2,781	9,644	12,282
	<u>5,260</u>	<u>11,611</u>	<u>16,241</u>
Impairment allowance	(2)	(1)	(3)
Subtotal	<u>5,258</u>	<u>11,610</u>	<u>16,238</u>
Current:			
Prepayments	15,916	3,482	2,417
Deferred [REDACTED]	—	—	5,620
Deposits and other receivables	180	2,662	1,653
Other current assets	24	39	—
Impairment allowance	—	(2)	(2)
Subtotal	<u>16,120</u>	<u>6,181</u>	<u>9,688</u>
Total	<u>21,378</u>	<u>17,791</u>	<u>25,926</u>

Our prepayments, other receivables and other assets decreased from RMB21.4 million as of December 31, 2023 to RMB17.8 million as of December 31, 2024, and then increased to RMB25.9 million as of September 30, 2025. The level of our prepayments, other receivables and other assets primarily depends on our research and development activities and business operation.

As of November 30, 2025, RMB0.7 million, or 2.7% of our prepayments, other receivables and other assets outstanding as of September 30, 2025 had been subsequently settled.

FINANCIAL INFORMATION

Amounts Due from the Directors

We had amounts due from our Directors of RMB1.0 million, RMB1.0 million and nil as of December 31, 2023 and 2024 and September 30, 2025, respectively, which were unsecured, interest-free, subject to a one-year term of repayment and non-trade in nature. For details, see Note 19 and Note 32 to the Accountants’ Report set out in Appendix I to this document. The amounts due from the Directors have been fully settled in June 2025.

Cash and Cash Equivalents

During the Track Record Period, our cash and cash equivalents primarily consisted of cash on hand and at banks denominated in Renminbi, and short term time deposits with original maturities within three months. The following table sets forth the details of our cash and cash equivalents and time deposits as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB’000)</i>	<i>(RMB’000)</i>	<i>(RMB’000)</i>
Cash and bank balances	232,498	149,614	87,158
Less:			
Restricted cash	—	1,500	18,564
Non-pledged time deposits with maturity over three months	—	35,726	—
Cash and Cash Equivalents.	232,498	112,388	68,594

Our cash and cash equivalents decreased from RMB232.5 million as of December 31, 2023 to RMB112.4 million as of December 31, 2024, and further decreased to RMB68.6 million as of September 30, 2025. The overall decrease over the Track Record Period was primarily due to working capital allocated to our business development and day-to-day operations.

Trade Payables

During the Track Record Period, our trade payables mainly consisted of payables in relation to our research and development activities. Our trade payables increased from RMB28.4 million as of December 31, 2023 to RMB45.4 million as of December 31, 2024, and further increased to RMB49.7 million, primarily driven by the advancement of our research and development initiatives.

FINANCIAL INFORMATION

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

	As of December 31,		As of
			September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Within 3 months	24,459	22,717	7,868
3 to 6 months	1,069	1,812	3,691
7 to 12 months	755	1,385	20,782
Over 12 months.	2,151	19,466	17,323
Total	28,434	45,380	49,664

As of November 30, 2025, approximately RMB6.8 million, representing 13.8% of our trade payables as of September 30, 2025, had been subsequently settled.

Other Payables

During the Track Record Period, our other payables mainly consisted of (i) other payables in relation to daily operations, (ii) salary and welfare payables, and (iii) other tax payables. The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,		As of
			September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Other payables	892	13,061	18,751
Salary and welfare payables	5,667	7,388	4,290
Other tax payables	220	186	198
Total	6,779	20,635	23,239

FINANCIAL INFORMATION

Our other payables increased from RMB6.8 million as of December 31, 2023 to RMB20.6 million as of December 31, 2024, primarily due to an increase of RMB12.2 million in other payables related to the renovation of our leased property. Our other payables increased from RMB20.6 million as of December 31, 2024 to RMB23.2 million as of September 30, 2025, primarily due to an increase of RMB5.7 million in other payables, partially offset by a decrease of RMB3.1 million in salary and welfare payables.

As of November 30, 2025, approximately RMB13.5 million, representing 58.2% of our other payables as of September 30, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities primarily represented amounts paid by our collaboration partners in relation to our out-licensing and collaboration agreements before we fulfilled corresponding performance obligations. These payments are expected to be recognized as revenue upon the satisfaction of performance obligations by us under the agreements. The following table sets forth a breakdown of our contract liabilities as of the dates indicated:

	As of December 31,		As of September 30,
	2023	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Current			
Advances received from customers of			
license and collaboration revenue	3,200	4,261	11,709
Non-current			
Advances received from customers of			
license and collaboration revenue	12,177	7,916	—
Total	15,377	12,177	11,709

Our contract liabilities decreased from RMB15.4 million as of December 31, 2023 to RMB12.2 million as of December 31, 2024, and further decreased to RMB11.7 million as of September 30, 2025, primarily due to our accumulated research and development activities.

As of November 30, 2025, none of contract liabilities as of September 30, 2025 was subsequently recognized as revenue.

FINANCIAL INFORMATION

Convertible Redeemable Preferred Shares

During the Track Record Period, convertible redeemable preferred shares represented the Preferred Shares issued pursuant to the Pre-[REDACTED] Investments. Changes in fair value of convertible redeemable preferred shares had been recognized in our consolidated statements of profit or loss. These Preferred Shares will be converted into Ordinary Shares upon [REDACTED], after which the amount of our financial liabilities at fair value through profit or loss will be derecognized from our liabilities and recorded as equity.

Convertible redeemable preferred shares increased from RMB1,510.3 million as of December 31, 2023 to RMB1,956.1 million as of December 31, 2024, and further increased to RMB2,203.6 million as of September 30, 2025, primarily due to changes in fair value of our convertible redeemable preferred shares.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash during the Track Record Period were to fund the research and development of our Core Product and other pipeline programs, administrative expenses and other recurring expenses. We recorded net cash used in operating activities of RMB94.3 million, RMB88.9 million, RMB86.8 million and RMB85.0 million in 2023, 2024 and the nine months ended September 30, 2024 and 2025, respectively. During the Track Record Period, we primarily funded our working capital requirements through equity and debt financings. Our management closely monitors use of cash and cash equivalents and strives to maintain a healthy liquidity for our operations. Going forward, we expect our liquidity requirements will be satisfied by a combination of cash and cash equivalents, time deposits, bank facilities, considerations received under respective license and collaboration agreements, [REDACTED] from the [REDACTED], as well as revenue generated from sales of our successfully commercialized products. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, license and collaboration arrangements, or other sources.

FINANCIAL INFORMATION

Current Assets and Liabilities

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

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(Unaudited)</i>
Current assets				
Inventories	11,751	12,991	13,061	8,973
Prepayments, other receivables and other assets	16,120	6,181	9,688	8,419
Amounts due from the directors	1,002	1,002	—	—
Restricted cash	—	1,500	18,564	882
Time deposits with original maturity of over nine months.	—	35,726	—	—
Cash and cash equivalents.	232,498	112,388	68,594	56,061
Total current assets	261,371	169,788	109,907	74,335
Current liabilities				
Trade payables	28,434	45,380	49,664	49,486
Other payables	6,779	20,635	23,239	12,677
Interest-bearing bank borrowings	—	—	2,000	2,000
Contract liabilities.	3,200	4,261	11,709	11,709
Lease liabilities.	4,775	4,010	4,120	4,164
Warrant liability	5,542	5,622	5,774	5,753
Convertible redeemable preferred shares	1,510,348	1,956,078	2,203,593	2,235,339
Total current liabilities	1,559,078	2,035,986	2,300,099	2,321,128
Net current liabilities	(1,297,707)	(1,866,198)	(2,190,192)	(2,246,793)

Our net current liabilities remained relatively stable at RMB2,190.2 million and RMB2,246.8 million as of September 30, 2025 and November 30, 2025, respectively.

Our net current liabilities increased from RMB1,866.2 million as of December 31, 2024 to RMB2,190.2 million as of September 30, 2025, primarily attributable to (i) an increase of RMB247.5 million in convertible redeemable preferred shares, (ii) a decrease of RMB43.8 million in cash and cash equivalents, and (iii) a decrease of RMB35.7 million in time deposits with original maturity of over three months.

FINANCIAL INFORMATION

Our net current liabilities increased from RMB1,297.7 million as of December 31, 2023 to RMB1,866.2 million as of December 31, 2024, primarily attributable to (i) an increase of RMB445.7 million in convertible redeemable preferred shares, and (ii) a decrease of RMB120.1 million in cash and cash equivalents, which was partially offset by an increase of RMB35.7 million in time deposits with original maturity of over three months.

We recorded net current liabilities during the Track Record Period primarily because our Preferred Shares issued to Pre-[REDACTED] Investors were recorded as current liabilities under financial liabilities at fair value through profit or loss. These Preferred Shares will be converted into Ordinary Shares upon [REDACTED], after which the amount of our financial liabilities at fair value through profit or loss, which were recorded as our current liabilities during the Track Record Period, will be derecognized from our liabilities and recorded as equity, which can result in our Group turning into net assets position. See “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Convertible Redeemable Preferred Shares” for details.

Cash Flows

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

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(Unaudited)</i>	
Net cash flows used in operating activities	(94,268)	(88,876)	(86,775)	(84,996)
Net cash flows (used in)/generated investing activities	(4,463)	(70,554)	(21,641)	27,064
Net cash flows (used in)/generated from financing activities	(5,599)	37,194	41,765	15,006
Net decrease in cash and cash equivalents	(104,330)	(122,236)	(66,651)	(42,926)
Cash and cash equivalents at beginning of the year/period	335,442	232,498	232,498	112,388
Effect of foreign exchange rate changes, net	1,386	2,126	8,396	(868)
Cash and cash equivalents at end of the year/period	<u>232,498</u>	<u>112,388</u>	<u>174,243</u>	<u>68,594</u>

FINANCIAL INFORMATION

Net Cash Used in Operating Activities

For the nine months ended September 30, 2025, our net cash used in operating activities was RMB85.0 million, which was primarily attributable to a loss before tax of RMB374.5 million, adjusted for non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) fair value changes of convertible redeemable preferred shares of RMB237.4 million and (ii) equity-settled share-based payment expenses of RMB36.3 million. The amount was further adjusted by changes in working capital, which primarily resulted from (i) an increase in restricted cash of RMB17.1 million and (ii) an increase in prepayment, other receivables and other assets of RMB3.5 million, partially offset by an increase in other payables of RMB5.3 million.

In 2024, our net cash used in operating activities was RMB88.9 million, which was primarily attributable to a loss before tax of RMB523.8 million, adjusted for non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) fair value changes of convertible redeemable preferred shares of RMB369.8 million, (ii) equity-settled share-based payment expenses of RMB20.9 million, and (iii) depreciation of property and equipment of RMB15.7 million. The amount was further adjusted by changes in working capital, which primarily resulted from an increase in long-term prepayments, other receivables and other assets of RMB6.4 million, partially offset by (i) an increase in trade payables of RMB16.9 million, (ii) a decrease in prepayments, other receivables and other assets of RMB10.8 million, and (iii) an increase in other payables of RMB4.2 million.

In 2023, our net cash used in operating activities was RMB94.3 million, which was primarily attributable to a loss before tax of RMB481.8 million, adjusted for non-cash and non-operating items. Adjustments for such non-cash and non-operating items primarily included (i) fair value changes of convertible redeemable preferred shares of RMB313.9 million and (ii) depreciation of property and equipment of RMB13.9 million. The amount was further adjusted by changes in working capital, which primarily resulted from a decrease in contract liabilities of RMB6.8 million, partially offset by (i) a decrease in prepayment, other receivables and other assets of RMB31.4 million and (ii) an increase in trade payables of RMB20.8 million.

FINANCIAL INFORMATION

To improve our net operating cash outflow position, we plan to execute our strategies with the long-term objective to achieve sustainable growth and profitability. In particular, we are actively exploring strategic partnerships, out-licensing and co-development opportunities that could generate upfront and milestone payments, as well as potential royalty income, thereby strengthening our operating cash inflows. At the same time, we are advancing the direct commercialization of our exosome products overseas through the INCI regulatory pathway, which offers early revenue potential. These initiatives, together with disciplined resource allocation and ongoing cost control, are expected to strengthen our operating cash flow and support long-term financial sustainability.

Net Cash (Used in)/Generated from Investing Activities

For the nine months ended September 30, 2025, our net cash generated from investing activities was RMB27.1 million, which was mainly due to a decrease in time deposit of RMB35.7 million, partially offset by purchases of items of property and equipment of RMB8.0 million.

In 2024, our net cash used in investing activities was RMB70.6 million, which was mainly due to (i) purchase of financial assets at fair value through profit or loss of RMB74.5 million, (ii) an increase in time deposit of RMB35.7 million, and (iii) purchases of items of property and equipment of RMB32.0 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB75.4 million.

In 2023, our net cash used in investing activities was RMB4.5 million, which was mainly due to (i) purchase of financial assets at fair value through profit or loss of RMB105.8 million and (ii) purchases of items of property and equipment of RMB3.8 million, partially offset by proceeds from disposal of financial assets at fair value through profit or loss of RMB106.4 million.

Net Cash (Used in)/Generated from Financing Activities

For the nine months ended September 30, 2025, our net cash used in financing activities was RMB15.0 million, which was due to new bank loans of RMB20.0 million.

In 2024, our net cash generated from financing activities was RMB37.2 million, which was due to proceeds from issue of convertible redeemable preferred shares of RMB46.0 million, partially offset by principal and interest elements of lease payments of RMB8.8 million.

In 2023, our net cash used in financing activities was RMB5.6 million, which was due to principal and interest elements of lease payments of RMB5.6 million.

FINANCIAL INFORMATION

CASH OPERATING COSTS

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

	Year Ended December 31,		Nine Months Ended September 30,	
	2023	2024	2024	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
			<i>(Unaudited)</i>	
Costs relating to research and development of our Core Product				
Trial and testing expenses	44,118	19,341	11,791	10,698
Staff costs	25,983	19,755	15,990	9,377
Material costs	7,331	1,410	990	99
Others ⁽¹⁾	1,592	1,675	1,285	2,032
Subtotal	79,024	42,182	30,056	22,206
Costs relating to research and development of other pipeline candidates				
Trial and testing expenses	16,787	8,379	5,159	133
Staff costs	8,799	7,604	5,040	6,086
Material costs	4,154	5,749	3,382	3,086
Others ⁽²⁾	812	1,234	1,101	386
Subtotal	30,551	22,966	14,682	9,691
Other costs				
Workforce employment cost for non-research and development staff	18,174	17,731	12,894	12,344
Non-income taxes, royalties and other governmental charges	266	57	41	248
Others ⁽³⁾	3,142	2,967	2,144	2,744
Total other costs	21,582	20,755	15,079	15,336
Total cash operating costs	131,157	85,902	59,817	47,233

Notes:

(1) Others under costs relating to research and development of our Core Product mainly represent intellectual property application and maintenance expenses.

FINANCIAL INFORMATION

- (2) Others under costs relating to research and development of other pipeline candidates mainly represent intellectual property application and maintenance expenses.
- (3) Others under other costs mainly represent travel expenses, professional services fees, and other miscellaneous expenses.

WORKING CAPITAL CONFIRMATION

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

Our cash burn rate refers to the average monthly net cash used in operating activities, capital expenditures, purchases of items of intangible assets and lease payments. During the Track Record Period, our average monthly cash burn in 2023, 2024, and the nine months ended September 30, 2025 was RMB8.8 million, RMB11.2 million, and RMB10.8 million, respectively. We had cash and cash equivalents and time deposits of RMB68.6 million as of September 30, 2025. We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million in the [REDACTED], assuming no [REDACTED] are exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] Share, being the low-end of the indicative [REDACTED] range in this document. Taking into account of our business needs, phased R&D investment plans and long-term development strategies, with full consideration of funding requirements from clinical trial expansion, patient enrollment progress and other key business activities, we assume an average monthly cash burn rate of [REDACTED] times the level in 2024, ensuring its rationality and alignment with our development trajectory. Assuming an average cash burn rate going forward of [REDACTED] times the level in 2024, we estimate that (i) our cash and cash equivalents, time deposits and available bank facilities as of September 30, 2025 will be able to maintain our financial viability for [REDACTED] months. Accordingly, we estimate that (i) if we take into account [REDACTED]% of the estimated [REDACTED] from the [REDACTED] (namely, the portion allocated for our working capital and general corporate purposes), [REDACTED] months, or, (ii) if we take into account all estimated [REDACTED] from the [REDACTED], [REDACTED] months. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

FINANCIAL INFORMATION

INDEBTEDNESS

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

	As of December 31,		As of	As of
	2023	2024	September 30,	November 30,
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
				<i>(Unaudited)</i>
Indebtedness				
Current:				
Convertible redeemable preferred				
shares	1,510,348	1,956,078	2,203,593	2,235,339
Warrant liability	5,542	5,622	5,774	5,753
Lease liabilities	4,775	4,010	4,120	4,164
Interest-bearing bank borrowings . .	—	—	2,000	2,000
Amounts due from Directors				
(non-trade)	1,002	1,002	—	—
Non-current:				
Lease liabilities	5,312	4,186	1,071	—
Interest-bearing bank borrowings . .	—	—	18,000	18,000
Amounts due from the senior				
management (non-trade)	796	796	841	841
Total	<u>1,527,775</u>	<u>1,971,694</u>	<u>2,235,399</u>	<u>2,266,097</u>

FINANCIAL INFORMATION

Lease Liabilities

Our lease liabilities primarily comprised leases of properties used as office premises, laboratory, and manufacturing facility. As of December 31, 2023 and 2024, September 30, 2024 and 2025 and November 30, we had a total of current and non-current lease liabilities of RMB10.1 million, RMB8.2 million, RMB5.2 million and RMB4.2 million, respectively. The following table sets forth our lease liabilities as of the dates indicated:

	As of December 31,		As of September 30,	As of November 30,
	2023	2024	2025	2025
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i> <i>(Unaudited)</i>
Lease liabilities:				
Current	4,775	4,010	4,120	4,164
Non-current	5,312	4,186	1,071	—
Total	10,087	8,196	5,191	4,164

Our lease liabilities decreased from RMB10.1 million as of December 31, 2023 to RMB8.2 million as of December 31, 2024, further decreased to RMB5.2 million as of September 30, 2025, primarily due to the termination of certain lease agreements and repayments made throughout the progression of our leases. Our lease liabilities remained relatively stable at RMB5.2 million and RMB4.2 million as of September 30, 2025 and November 30, 2025, respectively.

Interest-bearing bank borrowings

We generally borrow bank loans from creditworthy commercial banks to fund our operations. As of December 31, 2023 and 2024, September 30, 2025 and November 30, 2025, we had a total of current and non-current interest-bearing bank borrowings of nil, nil, RMB20.0 million and RMB20.0 million, respectively. As of November 30, 2025, we had unutilized credit facilities of RMB190.0 million.

Indebtedness Statement

Except as discussed above, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of the Latest Practicable Date. Our Directors confirm

FINANCIAL INFORMATION

that our Group did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or material breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Our Directors confirm that, saved as disclosed above, there have been no material changes in our indebtedness since September 30, 2025, being the latest practicable date for determining our indebtedness, up to the date of this document.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure primarily consisted of purchases of property and equipment. These purchases were primarily for our research and development and business operation. The following table sets forth the breakdown of our capital expenditures for the periods indicated:

	Year Ended December 31,		Nine Months Ended	
	2023	2024	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Purchases of property and equipment .	3,764	31,968	19,167	8,014

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

CAPITAL COMMITMENTS

As of September 30, 2025, we did not have any capital commitment.

CONTINGENT LIABILITIES

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into certain transactions with our related parties. For details, see Note 32 to the Accountants’ Report set out in Appendix I to this document. Our Directors confirm that each of the significant related party transactions during the Track Record Period were conducted on an arm’s length basis, and would not distort our results of operations over the Track Record Period or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIO

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

	As of December 31,		As of September 30,
	2023	2024	2025
	Current ratio ⁽¹⁾	0.2	0.1

Note:

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

Our current ratio remained relatively stable at 0.2, 0.1, and 0.05, as of December 31, 2023 and 2024 and September 30, 2025, respectively.

MARKET RISK DISCLOSURE

The risks associated with our financial instruments primarily include foreign currency risk, credit risk and liquidity risk. Our management manages these exposures to ensure appropriate measure are implemented on a timely and effective manner. See Note 35 to the Accountants’ Report set out in Appendix I to this document for more details.

Foreign Currency Risk

Certain of our bank balances and cash are denominated in foreign currency of respective group entities which expose us to foreign currency risk. We did not have a foreign currency hedging policy against our exposure to currency risk during the Track Record Period and up to the Latest Practicable Date. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. See Note 35 to the Accountants’ Report set out in Appendix I to this document for more details.

FINANCIAL INFORMATION

Credit Risk

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

We trade only with recognized and creditworthy third parties. It is our policy that all customers 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 transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the Head of Credit Control. See Note 35 to the Accountants' Report set out in Appendix I to this document for more details.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and bank borrowings. We regularly review our major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. See Note 35 to the Accountants' Report set out in Appendix I to this document for more details.

DIVIDEND

No dividends have been paid or declared by our Company during the Track Record Period. We do not currently have a formal dividend policy or a fixed dividend payout ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our Ordinary Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant.

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

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSE

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] million (including [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share), which represent [REDACTED]% of the gross [REDACTED] from the [REDACTED], assuming no Shares are issued pursuant to the [REDACTED]. The above [REDACTED] expenses are comprised of (i) [REDACTED]-related expenses of HK\$[REDACTED] million, and (ii) non-[REDACTED]-related expenses of HK\$[REDACTED] million, including (a) sponsor fees of HK\$[REDACTED] million, (b) the legal advisors’ expenses of HK\$[REDACTED] million, (c) the reporting accountants’ expenses of HK\$[REDACTED] million, and (d) other fees and expenses of HK\$[REDACTED] million. In 2023 and 2024 and for the nine months ended September 30, 2025, [REDACTED] expenses charged to profit or loss were [REDACTED], [REDACTED] and RMB[REDACTED] million, respectively, and [REDACTED] amounted to [REDACTED], [REDACTED] and RMB[REDACTED] million in the corresponding periods will be deducted from equity upon [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED [REDACTED]

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

FINANCIAL INFORMATION

[REDACTED]

NO MATERIAL ADVERSE CHANGE

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

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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