

SUMMARY

This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document, including our financial statements and the accompanying notes, before you decide to [REDACTED] in the [REDACTED]. There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

We are an innovation-driven pharmaceutical group, with a strategic focus on two core disease areas: (i) central nervous system (“CNS”) disorders, and (ii) cardiovascular and cerebrovascular diseases.

Our business model integrates the commercialization of our marketed products with the continuous advancement of our product pipeline. Our current portfolio includes (i) drugs, including generic drugs, innovative drugs, traditional Chinese medicine (“TCM”) and biologics, (ii) active pharmaceutical ingredients (“APIs”), and (iii) medical devices. Building on this established portfolio, we continue to advance R&D of our innovative drug candidates.

Our established commercialized businesses provide sustained technical, market and financial support for the development and commercialization of our innovative drugs. We have maintained a robust profitability track record. In 2024, we generated total revenue of RMB4,158.6 million and net profit of RMB719.1 million, and our R&D investment was RMB383.5 million. We intend to continue investing in R&D at a considerably high level to advance our innovation strategy and further our growth.

Our development trajectory follows the evolution of China’s pharmaceutical industry over the past three decades. We began with a focus on intermediates and APIs, and subsequently expanded downstream into drugs. Over time, we have built a product portfolio spanning generic drugs, TCM and biologics, APIs and medical devices. In recent years, we have strategically focused our innovative drug R&D on CNS and cardiovascular and cerebrovascular diseases. In 2023, we successfully launched Dimdazenil, a Category 1 innovative drug approved in China for the treatment of insomnia.

OUR STRENGTHS

- Deep CNS and cardiovascular expertise supported by strong clinical and market insight and efficient execution from discovery through clinical development
- Sustained CNS and cardiovascular market presence with an innovation-led portfolio and efficient development-to-launch capabilities
- A diversified product portfolio and integrated business footprint with a proven track record and sustained cash flow contribution from our existing business
- Platform enabling efficient development, scalable manufacturing and rapid commercialization

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- An experienced management team combining innovation leadership and operational excellence, with proven end-to-end execution capabilities across the innovative drug lifecycle

OUR STRATEGY

- Maintain our commitment to R&D and accelerate our transition to an innovation-driven pharmaceutical company
- Continue to focus on CNS and cardiovascular disease and advance key programs with disciplined execution
- Further expand external collaborations and in-licensing as part of our dual-engine model
- Strengthen our commercialization and sales network

OUR PORTFOLIO ASSETS

Our business model combines the sales of our marketed products with the continued advancement of our innovative pipeline. We view innovative drugs as a driver of our strategic upgrade and long-term growth, and we are advancing our innovation portfolio in disease areas with significant unmet medical needs, supported by our integrated R&D, manufacturing and commercialization capabilities.

Generic drugs: We maintain a broad portfolio of marketed products comprising generic drugs. Generic drugs constitute a substantial component of our marketed portfolio and provide stable revenue contribution and broad market coverage, supporting continued investment in innovation. Our generic drug portfolio is primarily focused on (i) psychiatric and neurological drugs and (ii) cardiovascular and cerebrovascular drugs, with additional products in other therapeutic categories. These products provide stable revenue contribution, broad market coverage across hospitals and retail channels, and operating leverage to support continued R&D investment.

Innovative drugs: Innovative drugs are central to our transition and long-term growth. We focus our innovation efforts on two core areas, CNS disorders and cardiovascular and cerebrovascular diseases, and prioritize indications with meaningful unmet needs and attractive clinical and commercial potential. Our innovative pipeline is anchored by Dimdazenil (Junoenil[®]), our marketed insomnia therapy and a key milestone in our transition to an innovation-driven model.

Traditional Chinese medicine and biologics: We commercialize TCM and biologics, primarily in the digestive category.

APIs and medical devices: We generate revenue from sales of APIs to formulation enterprises and other downstream manufacturers, leveraging our manufacturing capabilities and quality systems to support scale and cost competitiveness. We also generate revenue from medical device sales, which are primarily direct, supplemented by limited distributor sales, supported by appropriate quality and after-sales processes.

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RESEARCH AND DEVELOPMENT

Research and development is the fundamental pillar of our business and is critical to our ongoing innovation-driven transformation, long-term growth and competitiveness in the pharmaceutical industry. We conduct our principal pharmaceutical R&D activities through our in-house R&D centers located in Xinchang, Hangzhou and Shanghai, and we maintain a dedicated R&D organization that covers the full value chain from innovative drug discovery to registration.

MANUFACTURING

We operate manufacturing for drugs, APIs and medical devices primarily in-house through our production bases and manufacturing subsidiaries, supported by standard operating procedures and internal controls covering production planning, raw materials management, in-process controls, equipment calibration and maintenance, deviation handling and change management, and we apply product-specific production processes aligned with the applicable regulatory requirements for each category.

SALES AND MARKETING

We primarily generate demand for our pharmaceutical products through our in-house sales and marketing team, which is responsible for academic promotion, market access and other commercialization activities, including engagement with healthcare professionals, product positioning, and channel management. According to Frost & Sullivan, we also collaborate with Independent Third Parties to enhance brand recognition, expand market coverage and improve product availability in certain regions and channels. In addition, we market and sell our APIs and medical devices through a combination of direct sales and, where appropriate, distributor arrangements, with a focus on customer coverage, sales efficiency and compliance with applicable regulatory and industry requirements.

During the Track Record Period, we generated revenue from the sales of over 60 approved drug products, including generic drugs, innovative drugs and TCM and biologics.

CUSTOMERS

In 2023, 2024 and the ten months ended October 31, 2025, our revenue was primarily derived from the sales of our drugs, APIs and medical devices. We sell a substantial portion of our products to third-party distributors, who are our direct customers and are responsible for subsequently selling and delivering our products to hospitals, other medical institutions and pharmacies. We generally grant credit terms of 30 to 90 days (or spot payment) to our major customers, and they generally settle with us by bank transfer and bank acceptance bills.

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COMPETITION

We operate in a highly competitive industry. While we believe that our drug candidates, technology platforms and management team provide us with significant competitive advantages, we face potential competition from many others who are working to develop therapies targeting the same indications. These include multinational specialty pharmaceutical companies, academic institutions, government agencies and research institutions. Any drug candidates that we successfully develop and commercialize will compete with both existing drugs and any new drugs that may become available in the future.

QUALITY CONTROL

We have implemented comprehensive quality control procedures and protocols that span the entire production lifecycle from raw material sourcing through manufacturing to the delivery of drugs, in strict compliance with applicable PRC laws and regulations, including the Pharmaceutical Administration Law of the People’s Republic of China (《中華人民共和國藥品管理法》) and the Good Manufacturing Practice for Medical Products (《藥品生產質量管理規範》), we have established a quality management system covering our drugs, APIs and traditional Chinese medicine products, which is aligned with GMP requirements.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company is controlled by a group of shareholders led by Mr. LYU Gang, our executive Director, chairperson of the Board and the general manager of our Company.

More specifically, our Company is directly held as to approximately 20.77% directly by Mr. LYU Gang and 15.68% by Jingxin Holding. Jingxin Holding is owned as to 51.00% by Mr. LYU Gang and 49.00% by Jinzhi Investment. Jinzhi Investment is owned as to 60.00% by Mr. LYU Gang and 40.00% by Ms. ZHANG Liling, the spouse of Mr. LYU Gang.

As such, Mr. LYU Gang, Ms. ZHANG Liling, Jingxin Holding and Jinzhi Investment are considered our Controlling Shareholders and controlled approximately 36.44% of our total issued share capital as of the Latest Practicable Date.

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and that no changes are made to the issued share capital of the Company since the Latest Practicable Date up to the [REDACTED]), our Controlling Shareholders will, directly and indirectly, continue to control in aggregate approximately [REDACTED]% of our total issued share capital. See “Relationship with Our Controlling Shareholders” for more details.

SUMMARY OF FINANCIAL INFORMATION

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

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SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	<u>Year ended December 31,</u>		<u>Ten months ended October 31,</u>	
	<u>2023</u>	<u>2024</u>	<u>2024</u>	<u>2025</u>
	<i>(Unaudited)</i>			
	<i>(RMB in thousands)</i>			
Revenue	3,998,835	4,158,551	3,438,388	3,344,144
Cost of sales	(2,032,050)	(2,143,031)	(1,757,318)	(1,730,246)
Gross profit	1,966,785	2,015,520	1,681,070	1,613,898
Other income	118,741	184,443	143,423	89,798
Impairment losses under ECL model, net of reversal	(5,138)	(14,574)	(19,227)	(7,105)
Impairment of property, plant and equipment	—	—	—	(2,725)
Impairment loss on investment in associates	(12,328)	—	—	—
Impairment loss of goodwill	—	—	—	(10,136)
Selling and marketing expenses	(783,527)	(692,264)	(595,734)	(510,432)
Administrative expenses	(215,538)	(230,391)	(191,368)	(183,481)
Research and development costs	(400,935)	(383,485)	(305,756)	(289,921)
Other gains and losses, net	53,529	(26,865)	(35,765)	15,646
Finance costs	(7,315)	(7,743)	(6,937)	(3,335)
Share of results of associates	(6,042)	(658)	(798)	(660)
Profit before tax	708,232	843,983	668,908	711,547
Income tax expenses	(84,623)	(124,854)	(110,476)	(82,232)
Profit for the year/period from continuing operations	623,609	719,129	558,432	629,315
Discontinued operations				
Loss for the year from discontinued operation	(191)	—	—	—
Profit for the year/period	623,418	719,129	558,432	629,315

Revenue

Our revenue decreased by 2.7% from RMB3,438.4 million in the ten months ended October 31, 2024 to RMB3,344.1 million in the ten months ended October 31, 2025, primarily due to a decrease in revenue from our drugs and APIs. In addition, our revenue increased by 4.0% from RMB3,998.8 million in 2023 to RMB4,158.6 million in 2024, primarily due to an increase in revenue from our drugs and medical devices.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 4.0% from RMB1,681.1 million in the ten months ended October 31, 2024 to RMB1,613.9 million in the ten months ended October 31, 2025. Our gross profit margin remained relatively stable at 48.9% in the ten months ended October 31, 2024 and 48.3% in the ten months ended October 31, 2025, respectively. Our gross profit increased by 2.5% from RMB1,966.8 million in 2023 to RMB2,015.5 million in 2024. Our gross profit margin remained relatively stable at 49.2% in 2023 and 48.5% in 2024, respectively.

See “Financial Information — Period-to-period Comparison of Results of Operations.”

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SUMMARY OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from our audited consolidated financial statements included in Appendix I to this document.

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Total non-current assets	4,632,822	5,590,181	4,840,517
Total current assets	3,353,734	2,889,135	3,208,070
Total assets	7,986,556	8,479,316	8,048,587
Total current liabilities	2,074,757	2,134,521	1,977,132
Total non-current liabilities	371,644	343,250	343,651
Net assets	5,540,155	6,001,545	5,727,804

We recorded net current assets of RMB754.6 million as of December 31, 2024, as compared to net current assets of RMB1,279.0 million as of December 31, 2023. The change was primarily due to (i) a decrease in cash and cash equivalents of RMB988.9 million and (ii) a decrease in time deposits with original maturities over three months of RMB479.0 million, reflecting our treasury management arrangements, partially offset by (i) an increase in financial assets at fair value through profit or loss of RMB676.7 million, (ii) an increase in trade receivables of RMB176.4 million and (iii) an increase in inventories of RMB140.0 million.

We recorded net current assets of RMB1,230.9 million as of October 31, 2025, as compared to net current assets of RMB754.6 million as of December 31, 2024. The change was primarily due to (i) an increase in time deposits with original maturities over three months of RMB686.5 million and (ii) an increase in cash and cash equivalents of RMB195.6 million, partially offset by a decrease in financial assets at fair value through profit or loss of RMB509.6 million.

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LIQUIDITY AND CAPITAL RESOURCES

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

	Year ended December 31,		Ten months ended October 31,	
	2023	2024	2024	2025
	<i>(RMB in thousands)</i>			
	<i>(Unaudited)</i>			
Net cashflow from operating activities	792,838	726,163	639,507	713,020
Net cashflow (used in)/from investing activities	(737,592)	(1,437,862)	(1,392,933)	397,054
Net Cash flow used in financing activities	(245,609)	(280,164)	(278,066)	(911,197)
Cash and cash equivalents at the beginning of year/period	1,463,667	1,276,018	1,276,018	287,145
Effects of exchange rate changes on cash and cash equivalents	2,714	2,990	2,321	(3,229)
Cash and cash equivalents at end of year/period	1,276,018	287,145	246,847	482,793

See “Financial Information — Liquidity and Capital Resources — Cash Flow.”

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the periods indicated:

	As of/For the Year ended December 31,		As of/For the Ten months ended October 31,	
	2023	2024	2025	
Net profit margin (%) ⁽¹⁾	15.6	17.3	18.8	
Current ratio ⁽²⁾	1.62	1.35	1.62	

Notes:

- (1) Net profit margin equals net profit for the year/period divided by revenue for the year/period and multiplied by 100%.
- (2) Current ratio equals current assets divided by current liabilities as of the same date.

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FUTURE PLANS AND [REDACTED]

We estimate that the net [REDACTED] from the [REDACTED], after deducting [REDACTED], fees and estimated [REDACTED] payable by us in connection with the [REDACTED], will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), and assuming the [REDACTED] is not exercised. We currently intend to apply the net [REDACTED] from the [REDACTED] for several purposes.

- Approximately [REDACTED] [REDACTED], or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to fund the research and development activities of our products and drug candidates;
- Approximately [REDACTED] [REDACTED], or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to fund the enhancement of our marketing networks and market expansion across key therapeutic areas;
- Approximately [REDACTED] [REDACTED], or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used to fund potential acquisitions, in-licensing, technology introduction and/or collaboration development to expand our pipeline; and
- Approximately [REDACTED] [REDACTED], or HK\$[REDACTED] [REDACTED], of the net [REDACTED] will be used for working capital and other general corporate purposes to support our daily operations and future business development.

See “Future Plans and [REDACTED]”.

[REDACTED]

[REDACTED]

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RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. Some of the major risks that we face include:

- Certain of our products are subject to pricing regulation or other policies that are intended to reduce healthcare costs.
- If we are unable to compete effectively, we may lose market share and our revenue and profitability could be materially and adversely affected.
- We are largely dependent on sales of our marketed products. If we are unable to maintain or increase the sales volume, pricing levels and profit margins of our main products, our revenue and profitability could be adversely affected.
- If we fail to maintain or expand an effective distribution network for our products, or if we are unable to further expand our distribution channel, our business and sales of the relevant products could be adversely affected.
- If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our drugs or drug candidates, or experience significant delays in doing so, our business will be materially harmed.
- Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and unsuccessful clinical trials or procedures relating to products under development or failure to demonstrate safety and efficacy of our drug candidates to the satisfaction of regulatory authorities could have a material adverse effect on our prospects.
- We invest substantial resources in research and development in order to develop our drugs and drug candidates and enhance our technologies, which we may not be able to do successfully.

See " Risk Factors."

[REDACTED]

[REDACTED]

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DIVIDENDS AND DIVIDEND POLICY

We have paid dividends to our Shareholders of RMB258.3 million, RMB258.3 million and RMB284.9 million in 2023, 2024 and the ten months ended October 31, 2025, respectively. See Note 16 to the Accountants’ Report in Appendix I to this document.

After completion of the [REDACTED], our Shareholders will be entitled to receive any dividends we declare. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to applicable laws in the PRC and our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by the Shareholders’ meeting.

We will, in principle, distribute cash dividends to our Shareholders at least on an annual basis in accordance with our Articles of Association and the applicable laws and regulations in the PRC and Hong Kong.

Our future declarations of dividends may not be in line with our historical declaration of dividends and will be subject to the approval by the Shareholders’ meeting. See “Risk Factors — Risks Relating to the [REDACTED].”

OUR LISTING ON THE SHENZHEN STOCK EXCHANGE

Since July 2004, our Company has been listed on the Shenzhen Stock Exchange. Since the commencement of our Track Record Period and as of the Latest Practicable Date, we had no instances of material non-compliance with the rules of the Shenzhen Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors’ attention in relation to our compliance record on the Shenzhen Stock Exchange. Our PRC Legal Advisor is of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Sole Sponsor, nothing has come to the Sole Sponsor’s attention that would cause them to disagree with the Directors’ confirmation with regard to the compliance records of the Company on the Shenzhen Stock Exchange.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

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