

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants’ Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRSs”).

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis 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, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Our Business,” and elsewhere in this document. For further details, see “Forward-Looking Statements.”

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 revenue increased by 4.0% from RMB3,998.8 million in 2023 to RMB4,158.6 million in 2024, and was RMB3,438.4 million and RMB3,344.1 million for the ten months ended October 31, 2024 and 2025, respectively. In addition, our profit for the year/period from continuing operations increased from RMB623.6 million in 2023 to RMB719.1 million in 2024, and was RMB558.4 million and RMB629.3 million for the ten months ended October 31, 2024 and 2025, respectively, reflecting the scalability of our established commercial portfolio.

BASIS OF PRESENTATION

Our Historical Financial Information has been prepared in accordance with IFRSs Accounting Standards (“IFRS”), which comprise all individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“IASB”). In addition, the Historical Financial Information complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The IASB has issued a number of new and revised IFRSs. In preparing the Historical Financial Information, the Group has consistently applied all applicable new and revised IFRSs that are effective during the Track Record Period, except for any new

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standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in note 3 of Appendix I.

KEY FACTORS AFFECTING OUR PERFORMANCE

The following factors are the principal factors that have affected and, we expect, will continue to affect our business, financial condition, results of operations and prospects.

The growth of the global and China's pharmaceutical markets, particularly in the therapeutic areas we focus on

We believe that the overall growth of the global and the PRC pharmaceutical markets, particularly in the therapeutic areas we focus on, has materially affected, and will continue to materially affect, our revenue growth. We maintain a diversified product portfolio across multiple therapeutic areas, on CNS, cardiovascular and cerebrovascular diseases, while also operating in APIs and medical devices.

Accordingly, our financial results are influenced by the market demand for our products. According to Frost & Sullivan, the global pharmaceutical market increased from US\$1,298.8 billion in 2020 to US\$1,542.0 billion in 2024, representing a CAGR of 4.4% during 2020–2024, and is expected to further grow to US\$2,649.3 billion by 2035, representing a CAGR of 5.1% during 2025–2035. The market share of patent-protected therapies is expected to increase from 68.6% (US\$890.4 billion) in 2020 to 70.6% (US\$1,870.2 billion) by 2035.

Our ability to successfully increase the market share of our marketed drugs

Our ability to successfully increase the market share of our marketed drugs is a key driver of our revenue growth and, to a lesser extent, our profitability. We operate a diversified portfolio of marketed products across our drugs, APIs and medical devices businesses. The commercial performance of our key products depends on our ability to expand coverage and deepen penetration across the end markets we serve.

In particular, our ability to increase market share for our marketed drugs is influenced by (i) clinical and product competitiveness, (ii) access and reimbursement dynamics, (iii) commercial execution and channel management, (iv) supply reliability and quality consistency and (v) regulatory and life-cycle management.

We have established a diversified and integrated business portfolio spanning drugs, active pharmaceutical ingredients and medical devices. We believe this multi-pillar commercial foundation has delivered tangible operating results and continues to generate recurring cash flows, providing us with the financial resources, manufacturing capacity and commercialization infrastructure to support the continuous advancement of our innovative pipeline.

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Our ability to develop and commercialize our clinical-stage drug candidates

Our business and results of operations depend, in part, on our ability to successfully advance our clinical-stage drug candidates through development and obtain regulatory approvals and achieve meaningful commercialization following approval. We continue to invest in the R&D of innovative drugs and improved medicines to strengthen our product portfolio and enhance our long-term growth potential. In 2023, 2024 and the ten months ended October 31, 2024 and 2025, our research and development costs were RMB400.9 million, RMB383.5 million, RMB305.8 million and RMB289.9 million, respectively. We intend to continue advancing the clinical development of our other pipeline candidates.

Even if a drug candidate demonstrates favorable clinical outcomes and obtains the requisite regulatory approvals, our ability to successfully commercialize it will depend on, among other factors, our commercial readiness and execution capabilities, the competitive landscape, pricing and reimbursement dynamics, market access and tendering outcomes, physician adoption, and our ability to maintain stable, compliant and scalable manufacturing and supply. See “Risk Factors” for details.

PRC medical insurance policies and related centralized procurement mechanisms, including centralized tender processes and volume-based procurement programs, may materially and adversely affect our business and results of operations

A substantial portion of our drugs are ultimately sold to PRC hospitals. Accordingly, our business and results of operations are materially affected by PRC medical insurance and reimbursement policies including the scope of drugs covered under the relevant medical insurance catalogues and the procurement mechanisms adopted by such institutions, in particular centralized tender processes and VBP programs for reimbursable and/or high-use products.

Certain pharmaceutical products in our marketed product portfolio are, or may become, subject to VBP programs in China. VBP, at various levels, generally lowers drug prices through competitive bidding for large-volume procurement, typically resulting in significant price reductions and, for successful bidders, specified supply and/or volume commitments. During the Track Record Period, certain of our products were subject to national or provincial VBP programs. As VBP expands, additional marketed drugs of ours may be included. While successful participation in VBP may increase sales volumes, VBP typically results in price reductions, which may materially and adversely affect our revenue, gross profit and gross profit margin.

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Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of cost of sales, research and development expenses and selling and marketing expenses. During the Track Record Period, cost of sales mainly related to drugs, APIs and medical devices was RMB2,032.1 million, RMB2,143.0 million, RMB1,757.3 million and RMB1,730.2 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, representing 50.8%, 51.5%, 51.1%, 51.7% of revenue for the same periods, respectively. Our R&D expenses were RMB400.9 million, RMB383.5 million, RMB305.8 million and RMB289.9 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025. We allocate R&D resources across projects and stages to improve efficiency while maintaining quality and timelines. Our selling and marketing expenses were RMB783.5 million, RMB692.3 million, RMB595.7 million and RMB510.4 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025 in supporting our selling and marketing activities.

We expect our cost structure to evolve as we continue to develop and expand our business. In light of our strategic focus on the innovative drug business, as the preclinical studies and clinical trials of our drug candidates continue to progress, we expect to incur additional costs in relation to clinical trial expenses, R&D staff costs, and raw materials procurement.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has no material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are discussions of the accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Other significant accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in detail in Notes 4 and Notes 5 to the Accountants’ Report in Appendix I to this document.

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Revenue

Income is classified by our Group as revenue when it arises from the provision of services, the sales of goods or the use by others of our Group's assets in the ordinary course of our Group's business.

Revenue is recognized when control over a product or service is transferred to the customer at the amount of promised consideration to which our Group is expected to be entitled, excluding those amounts collected on behalf of third parties and value-added tax.

Sales of goods

The sales generally involve a single performance obligation to deliver goods pursuant to customer purchase orders. For most contracts, there is a fixed unit price for each product sold. Where a customer orders more than one product type, our Group allocates the contract price to each product type by reference to each product's standalone selling price.

Our Group has determined that the performance obligations are satisfied at a point in time when the Group completes delivery according to the customer purchase orders. Our Group considers control to have been transferred at that point in time because our Group no longer has physical possession of the asset but has a present right to payment; the customer has legal title, and the significant risks and rewards of ownership of the asset. The goods have either been accepted by the customers or there is objective evidence that the goods provided meet the required specification. Shipping and handling activities performed prior to the customer obtaining control of the goods are accounted for as fulfillment activities and are not a promised good or service. Shipping and handling costs, associated with the distribution of the goods to the customers, are recorded in cost of sales and are recognized when control of the goods is transferred to the customer.

Maintenance service

Maintenance service is transferred over time during the contract period or when services are rendered.

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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	<u>(2,032,050)</u>	<u>(2,143,031)</u>	<u>(1,757,318)</u>	<u>(1,730,246)</u>
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	<u>(6,042)</u>	<u>(658)</u>	<u>(798)</u>	<u>(660)</u>
Profit before tax	<u>708,232</u>	<u>843,983</u>	<u>668,908</u>	<u>711,547</u>
Income tax expenses	<u>(84,623)</u>	<u>(124,854)</u>	<u>(110,476)</u>	<u>(82,232)</u>
Profit for the year/period from continuing operations	<u>623,609</u>	<u>719,129</u>	<u>558,432</u>	<u>629,315</u>
Discontinued operations				
Loss for the year from discontinued operation	<u>(191)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit for the year/period	<u>623,418</u>	<u>719,129</u>	<u>558,432</u>	<u>629,315</u>

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DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

In 2023, 2024 and the ten months ended October 31, 2024 and 2025, our revenue amounted to RMB3,998.8 million, RMB4,158.6 million, RMB3,438.4 million and RMB3,344.1 million, respectively.

Revenue by Business Line

During the Track Record Period, we derived revenue from the (i) drugs, (ii) APIs, (iii) medical devices and (iv) others. The table below sets forth our revenue breakdown by business line in amounts and as percentages of our total revenue for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)							
	(Unaudited)							
Drugs	2,326,390	58.2	2,522,292	60.7	2,110,106	61.4	2,008,736	60.1
APIs	956,307	23.9	876,296	21.1	725,451	21.1	698,007	20.9
Medical devices	637,246	15.9	687,233	16.5	544,296	15.8	568,978	17.0
Others ⁽¹⁾	78,892	2.0	72,730	1.7	58,535	1.7	68,423	2.0
Total	3,998,835	100.0	4,158,551	100.0	3,438,388	100.0	3,344,144	100.0

Note:

(1) Others mainly including lease income.

Revenue Breakdown by Geographic Location

In terms of geographic coverage, we generated revenue primarily from our sales network in (i) the Chinese mainland and (ii) overseas, during the Track Record Period. The following table sets forth a breakdown of our revenue by geographical location, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)							
	(Unaudited)							
Chinese mainland	3,303,930	82.6	3,316,354	79.7	2,753,052	80.1	2,627,531	78.6
Overseas ⁽¹⁾	694,905	17.4	842,197	20.3	685,336	19.9	716,613	21.4
Total	3,998,835	100.0	4,158,551	100.0	3,438,388	100.0	3,344,144	100.0

Notes:

(1) Overseas mainly including Europe, Asia and the Americas.

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Cost of Sales

Our cost of sales amounted to RMB2,032.1 million, RMB2,143.0 million, RMB1,757.3 million and RMB1,730.2 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively. During the Track Record Period, our cost of sales primarily consisted of (i) material cost, (ii) manufacturing expenses, (iii) labor cost and (iv) others.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as percentages of our total cost of sales for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Material Cost	1,483,487	73.0	1,521,172	71.0	1,252,131	71.3	1,156,786	66.9
Manufacturing Expenses	314,861	15.5	353,816	16.5	285,008	16.1	323,808	18.7
Labor Cost	178,140	8.8	205,360	9.6	164,815	9.4	182,532	10.5
Others	55,562	2.7	62,683	2.9	55,364	3.2	67,120	3.9
Total	2,032,050	100.0	2,143,031	100.0	1,757,318	100.0	1,730,246	100.0

Note:

- (1) Others mainly including taxes, surcharges and inventory impairment losses.

Gross Profit and Gross Profit Margin

Our gross profit amounted to RMB1,966.8 million, RMB2,015.5 million, RMB1,681.1 million and RMB1,613.9 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively. Our gross profit margin was 49.2%, 48.5%, 48.9% and 48.3% in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

The following table sets forth a breakdown of our gross profit and gross profit margin by product type for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Drugs	1,473,276	63.3	1,547,091	61.3	1,314,355	62.3	1,261,703	62.8
APIs	227,119	23.7	203,393	23.2	157,800	21.8	137,027	19.6
Medical devices	224,390	35.2	235,172	34.2	185,482	34.1	189,431	33.3
Others	42,000	53.2	29,864	41.1	23,433	40.0	25,737	37.6
Total	1,966,785	49.2	2,015,520	48.5	1,681,070	48.9	1,613,898	48.3

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Other Income

During the Track Record Period, our other income primarily included (i) government subsidies, (ii) interest income, (iii) input VAT preferential and tax reductions and (iv) preferential tax treatments and tax-related refunds. Our other income amounted to RMB118.7 million, RMB184.4 million, RMB143.4 million and RMB89.8 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Government subsidies	42,757	36.0	97,102	52.6	68,914	48.0	31,216	34.8
Interest income	60,269	50.8	71,238	38.6	61,120	42.6	48,582	54.1
Input VAT preferential and tax reductions	14,155	11.9	14,729	8.0	12,148	8.5	8,735	9.7
Preferential tax treatments and tax-related refunds	1,560	1.3	1,374	0.8	1,241	0.9	1,265	1.4
Total	118,741	100.0	184,443	100.0	143,423	100.0	89,798	100.0

Impairment losses under ECL model — net of reversal

During the Track Record Period, our impairment losses under ECL model, net of reversal represent impairment losses recognized on (i) trade receivables and (ii) deposits and other receivables. Our impairment losses under ECL model — net of reversal amounted to RMB5.1 million, RMB14.6 million, RMB19.2 million and RMB7.1 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

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Selling and Marketing Expenses

During the Track Record Period, our selling and marketing expenses primarily consisted of (i) sales service fees, (ii) employee compensation and (iii) others. Our selling and marketing expenses amounted to RMB783.5 million, RMB692.3 million, RMB595.7 million and RMB510.4 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

The following table sets forth a breakdown of our selling and marketing expenses in absolute amounts and as percentages of our total selling and marketing expenses for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Sales service fees	561,501	71.7	506,911	73.2	443,424	74.4	359,523	70.4
Employee compensation	160,598	20.5	120,516	17.4	102,121	17.1	103,769	20.3
Others ⁽¹⁾	61,428	7.8	64,837	9.4	50,189	8.5	47,140	9.3
Total	783,527	100.0	692,264	100.0	595,734	100.0	510,432	100.0

Notes:

- (1) Others mainly including office and meeting expenses, travelling expenses and depreciation and amortization.

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee compensation, (ii) depreciation and amortization, (iii) office, utilities and maintenance expenses, (iv) professional service fees, (v) business entertainment expenses and (vi) others. Our administrative expenses amounted to RMB215.5 million, RMB230.4 million, RMB191.4 million and RMB183.5 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

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The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of our total administrative expenses for the periods indicated:

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Employee compensation	105,776	49.1	99,131	43.0	84,637	44.2	84,370	46.0
Depreciation and amortization	39,272	18.2	50,156	21.8	40,916	21.4	36,771	20.0
Office, utilities and maintenance expenses	31,759	14.7	38,908	16.9	28,540	14.9	28,177	15.4
Professional service fees	9,527	4.4	10,505	4.6	10,246	5.4	12,695	6.9
Business entertainment expenses	12,603	5.8	12,556	5.4	10,340	5.4	6,458	3.5
Others ⁽¹⁾	16,601	7.8	19,135	8.3	16,689	8.7	15,010	8.2
Total	215,538	100.0	230,391	100.0	191,368	100.0	183,481	100.0

Notes:

(1) Others mainly including travel expenses and rental fees.

Research and Development Costs

During the Track Record Period, our research and development costs primarily consisted of (i) employee compensation, (ii) materials, testing and utilities expenses, (iii) clinical trials expenses, (iv) depreciation and amortization and (v) others. Our research and development costs amounted to RMB400.9 million, RMB383.5 million, RMB305.8 million and RMB289.9 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

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

	Year ended December 31,				Ten months ended October 31,			
	2023		2024		2024		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>							
	<i>(Unaudited)</i>							
Employee compensation	157,068	39.2	149,436	39.0	123,044	40.2	128,324	44.3
Materials, testing and utilities expenses	82,839	20.7	94,743	24.7	76,379	25.0	70,768	24.4
Clinical trials expenses	103,433	25.8	81,808	21.3	61,596	20.1	45,045	15.5
Depreciation and amortization	29,149	7.3	29,834	7.8	24,340	8.0	25,488	8.8
Others ⁽¹⁾	28,446	7.0	27,664	7.2	20,397	6.7	20,296	7.0
Total	<u>400,935</u>	<u>100.0</u>	<u>383,485</u>	<u>100.0</u>	<u>305,756</u>	<u>100.0</u>	<u>289,921</u>	<u>100.0</u>

Notes:

(1) Others mainly including office and travel expenses.

Other Gains and Losses, Net

During the Track Record Period, our other gains and losses, net primarily consisted of (i) fair value gain/(loss) on financial assets at fair value through profit or loss, (ii) gain on disposal of financial assets at fair value through profit or loss, (iii) dividends from financial assets at fair value through profit or loss, (iv) gain/(loss) on disposal of property, plant and equipment and right-of-use assets and (v) exchange gain/(loss). We recorded net other gains of RMB53.5 million in 2023 and net other losses of RMB26.9 million in 2024, net other losses of RMB35.8 million in the ten months ended October 31, 2024 and net other gains of RMB15.6 million in the ten months ended October 31, 2025.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of (i) interest expenses on borrowings, arising from discounting of bills receivable and (ii) interest expenses on lease liabilities. Our finance costs amounted to RMB7.3 million, RMB7.7 million, RMB6.9 million and RMB3.3 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively.

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Income Tax Expenses

Our income tax expenses amounted to RMB84.6 million, RMB124.9 million, RMB110.5 million, and RMB82.2 million in 2023, 2024 and the ten months ended October 31, 2024 and 2025, respectively. We are subject to income tax on an entity basis on profits arising in or derived from tax jurisdictions in which members of our Group are domiciled and operate. See Note 12 of the Accountant's Report in Appendix I to this document.

During the Track Record Period and as of the Latest Practicable Date, we did not have any material dispute or unresolved issues with the relevant tax authority.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Ten months ended October 31, 2024 Compared with ten months ended October 31, 2025

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.

Our revenue from drugs decreased by 4.8% from RMB2,110.1 million in the ten months ended October 31, 2024 to RMB2,008.7 million in the ten months ended October 31, 2025, primarily due to a decrease in the average selling price of certain of our drugs following their inclusion in the VBP program, partially offset by an increase in sales of such drugs and our innovative drugs.

Our revenue from APIs decreased by 3.8% from RMB725.5 million in the ten months ended October 31, 2024 to RMB698.0 million in the ten months ended October 31, 2025, primarily due to decreased average selling prices of our quinolone anti-infection APIs.

Our revenue from medical devices increased by 4.5% from RMB544.3 million in the ten months ended October 31, 2024 to RMB569.0 million in the ten months ended October 31, 2025, primarily due to higher overseas sales driven by increased market demand.

Cost of Sales

Our cost of sales remained relatively stable at RMB1,757.3 million in the ten months ended October 31, 2024 and RMB1,730.2 million in the ten months ended October 31, 2025, respectively.

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Gross Profit and Gross Profit Margin

As a result of the foregoing, 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 margin from drugs increased from 62.3% in the ten months ended October 31, 2024 to 62.8% in the ten months ended October 31, 2025, mainly due to a more favorable product mix, with a higher proportion of sales attributable to our innovative drugs, i.e. Dimdazenil, which has a higher gross profit margin.

Our gross profit margin from APIs decreased from 21.8% in the ten months ended October 31, 2024 to 19.6% in the ten months ended October 31, 2025, mainly due to decreased average selling prices of our quinolone anti-infection APIs.

Our gross profit margin from medical devices decreased from 34.1% in the ten months ended October 31, 2024 to 33.3% in the ten months ended October 31, 2025, mainly due to a decrease in average selling prices as we adopted more competitive pricing for certain of our medical devices.

Other Income

Our other income decreased by 37.4% from RMB143.4 million in the ten months ended October 31, 2024 to RMB89.8 million in the ten months ended October 31, 2025, primarily due to a decrease in government subsidies and interest income during the ten months ended October 31, 2025 as compared to the corresponding period in 2024.

Impairment losses under ECL model, net of reversal

Our impairment losses under ECL model — net of reversal decreased by 63.0% from RMB19.2 million in the ten months ended October 31, 2024 to RMB7.1 million in the ten months ended October 31, 2025, primarily due to (i) reduced impairment losses on trade receivables and (ii) reduced impairment losses on deposits and other receivables.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.3% from RMB595.7 million in the ten months ended October 31, 2024 to RMB510.4 million in the ten months ended October 31, 2025, primarily due to a decrease in sales service fees as more types of our drugs were included in the national VBP program, resulting in reduced marketing needs for such products.

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Administrative Expenses

Our administrative expenses decreased by 4.1% from RMB191.4 million in the ten months ended October 31, 2024 to RMB183.5 million in the ten months ended October 31, 2025, primarily due to (i) a decrease in depreciation and amortization and (ii) a decrease in business entertainment expenses.

Research and Development Costs

Our research and development costs decreased by 5.2% from RMB305.8 million in the ten months ended October 31, 2024 to RMB289.9 million in the ten months ended October 31, 2025, primarily due to decreases in materials, testing and utilities expenses and clinical trial expenses, as certain R&D programs advanced into later stages of development during the period.

Other Gains and Losses — Net

We recorded net other losses of RMB35.8 million in the ten months ended October 31, 2024 and net other gains of RMB15.6 million in the ten months ended October 31, 2025, primarily due to a change in fair value changes on financial assets at fair value through profit or loss from a loss of RMB52.8 million to a gain of RMB2.3 million, mainly attributable to the change in the fair value of our unlisted investee companies.

Finance Costs

Our finance costs decreased by 51.9% from RMB6.9 million in the ten months ended October 31, 2024 to RMB3.3 million in the ten months ended October 31, 2025, primarily due a decrease in interest expenses on borrowings, driven by a reduced level of borrowings obtained through the discounting of bills receivable during the period.

Income Tax Expenses

Our income tax expenses decreased by 25.6% from RMB110.5 million in the ten months ended October 31, 2024 to RMB82.2 million in the ten months ended October 31, 2025, due to (i) a decrease in effect of deductible temporary differences and tax losses not recognized as deferred tax asset and (ii) a decrease in tax effect of expenses not deductible for tax purpose.

Profit for the Period

As a result of the foregoing, our profit for the period increased by 12.7% from RMB558.4 million in the ten months ended October 31, 2024 to RMB629.3 million in the ten months ended October 31, 2025.

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

Revenue

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.

Our revenue from drugs increased by 8.4% from RMB2,326.4 million in 2023 to RMB2,522.3 million in 2024, primarily due to higher sales of certain types of our drugs following their inclusion in the VBP program.

Our revenue from APIs decreased by 8.4% from RMB956.3 million in 2023 to RMB876.3 million in 2024, primarily due to decreased average selling prices.

Our revenue from medical devices increased by 7.8% from RMB637.2 million in 2023 to RMB687.2 million in 2024, primarily due to higher sales driven by increased market demand.

Cost of Sales

Our cost of sales increased by 5.5% from RMB2,032.1 million in 2023 to RMB2,143.0 million in 2024, generally in line with the increase in our revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, 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.

Our gross profit margin from drugs decreased from 63.3% in 2023 to 61.3% in 2024, primarily due to a decline in average selling prices, as more types of our drugs were included in VBP program.

Our gross profit margin from APIs remained relatively stable at 23.7% in 2023 and 23.2% in 2024, respectively.

Our gross profit margin from medical devices decreased from 35.2% in 2023 to 34.2% in 2024, mainly due to a decrease in average selling prices as we adopted more competitive pricing for certain of our medical devices.

Other Income

Our other income increased by 55.3% from RMB118.7 million in 2023 to RMB184.4 million in 2024, primarily attributable to higher government subsidies received in 2024 in support of our successful R&D efforts.

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Impairment losses under ECL model, net of reversal

Our impairment losses under ECL model — net of reversal increased significantly from RMB5.1 million in 2023 to RMB14.6 million in 2024, primarily due to the increase in our trade receivables balance, which led to a higher provision for expected credit losses.

Impairment loss on investment in associates

Our impairment loss on investment in associates decreased from RMB12.3 million in 2023 to nil in 2024, primarily because one of our associates was reclassified to a financial asset measured at fair value through profit or loss, and accordingly no further impairment loss was recognized.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 11.6% from RMB783.5 million in 2023 to RMB692.3 million in 2024, primarily due to (i) more types of our products were included in the VBP program and (ii) lower employee compensation resulting from the streamlining of our sales team.

Administrative Expenses

Our administrative expenses increased by 6.9% from RMB215.5 million in 2023 to RMB230.4 million in 2024, primarily due to increased depreciation and amortization expenses following the commencement of our Hangzhou Base.

Research and Development Costs

Our research and development costs decreased by 4.4% from RMB400.9 million in 2023 to RMB383.5 million in 2024, primarily due to a decrease in clinical trials expenses, as certain R&D programs advanced into later stages of development during the period.

Other Gains and Losses

We recorded other gains of RMB53.5 million in 2023 and losses of RMB26.9 million in 2024, primarily due to in fair value changes on financial assets at fair value through profit or loss from a gain of RMB36.8 million to a loss of RMB42.4 million, mainly attributable to the change in the fair value of our unlisted investee companies.

Finance Costs

Our finance costs increased by 5.9% from RMB7.3 million in 2023 to RMB7.7 million in 2024, primarily due to higher interest expenses on borrowings, driven by more borrowings obtained through the discounting of bills receivable in 2024.

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Income Tax Expenses

Our income tax expenses increased by 47.5% from RMB84.6 million in 2023 to RMB124.9 million in 2024, primarily due to (i) higher profit before tax, (ii) an increase in effect of deductible temporary differences and tax losses not recognized as deferred tax asset and (iii) an increase in our research and development expenses and other additional deduction

Profit for the Year

As a result of the foregoing, our profit for the year increased by 15.4% from RMB623.4 million in 2023 to RMB719.1 million in 2024.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-Current Assets/Liabilities

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

	<u>As at 31 December</u>		<u>As at</u>
	<u>2023</u>	<u>2024</u>	<u>31 October</u>
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Non-current assets			
Property, plant and equipment	2,278,611	2,211,669	2,310,704
Right-of-use assets	411,061	395,384	399,776
Investment properties	347,154	335,587	159,070
Intangible assets	32,990	22,335	65,430
Goodwill	348,485	348,485	338,349
Investments in associates	62,516	55,541	54,881
Financial assets at fair value through profit or loss	549,787	494,591	496,303
Prepayments and deposits	9,563	31,953	8,954
Time deposits	511,672	1,611,075	925,997
Deferred tax assets	80,983	83,561	81,053
Total non-current assets	<u>4,632,822</u>	<u>5,590,181</u>	<u>4,840,517</u>
Non-current liabilities			
Provision for litigations	3,203	1,195	868
Lease liabilities	31,228	23,131	23,263
Deferred tax liabilities	68,400	54,333	53,800
Deferred income	268,813	264,591	265,720
Total non-current liabilities	<u>371,644</u>	<u>343,250</u>	<u>343,651</u>

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Property, plant and equipment

Our property, plant and equipment primarily consisted of (i) property and buildings, (ii) construction in progress, (iii) other equipment, (iv) production equipment, (v) furniture, fixtures and equipment, (vi) leasehold improvements and (vii) transportation vehicles. The following table sets out a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(unaudited)</i>
Property and buildings	1,138,099	1,335,943	1,470,520
Construction in progress	482,064	18,552	48,915
Other equipment	343,092	439,430	374,912
Production equipment	267,295	342,130	354,990
Furniture, fixtures and equipment	24,094	19,294	16,479
Leasehold improvements	21,202	53,796	41,201
Transportation vehicles	2,765	2,524	3,687
Total	2,278,611	2,211,669	2,310,704

Our property, plant and equipment decreased by 2.9% from RMB2,278.6 million as of December 31, 2023 to RMB2,211.7 million as of December 31, 2024, primarily due to depreciation charges during the year. Our property, plant and equipment increased by 4.5% from RMB2,211.7 million as of December 31, 2024 to RMB2,310.7 million as of October 31, 2025, primarily due to an increase in property and buildings.

Right-of-use assets

Our right-of-use assets primarily consisted of (i) land use rights, (ii) property and buildings and (iii) equipment. Our right-of-use assets decreased by 3.8% from RMB411.1 million as of December 31, 2023 to RMB395.4 million as of December 31, 2024, primarily due to depreciation charges during the year. Our right-of-use assets remained relatively stable at RMB395.4 million as of December 31, 2024 and RMB399.8 million as of October 31, 2025.

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Net Current Assets/Liabilities

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

	<u>As of December 31,</u>		<u>As of</u>	<u>As of</u>
	<u>2023</u>	<u>2024</u>	<u>October 31,</u>	<u>January 15,</u>
			<u>2025</u>	<u>2026</u>
	<i>(RMB in thousands)</i>			
	<i>(Unaudited)</i>			
Current assets				
Inventories	652,687	792,719	747,050	844,492
Trade receivables	571,456	747,848	808,452	824,151
Prepayments, deposits and other receivables	68,539	66,029	80,194	79,745
Financial assets at fair value through other comprehensive income	41,122	104,170	29,105	101,923
Financial assets at fair value through profit or loss	150,956	827,657	318,064	356,038
Time deposits with original maturities over three months	513,463	34,445	720,982	537,860
Restricted bank deposits	79,493	29,122	21,430	14,577
Cash and cash equivalents	<u>1,276,018</u>	<u>287,145</u>	<u>482,793</u>	<u>653,665</u>
Total current assets	<u>3,353,734</u>	<u>2,889,135</u>	<u>3,208,070</u>	<u>3,412,451</u>
Current liabilities				
Trade and bills payables	587,427	565,190	541,834	481,169
Contract liabilities	53,346	56,484	44,589	37,531
Other payables and accruals	1,098,737	1,129,012	1,065,020	1,078,607
Borrowings	279,091	281,355	284,576	194,480
Lease liabilities	11,860	13,302	7,279	8,076
Tax payables	<u>44,296</u>	<u>89,178</u>	<u>33,834</u>	<u>42,443</u>
Total current liabilities	<u>2,074,757</u>	<u>2,134,521</u>	<u>1,977,132</u>	<u>1,842,306</u>
Net current assets	<u>1,278,977</u>	<u>754,614</u>	<u>1,230,938</u>	<u>1,570,145</u>

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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.

Inventories

Our inventories primarily included (i) raw materials, (ii) work in progress and (iii) finished goods. The following table sets out a breakdown of our inventories as of the dates indicated:

	As of December 31,	As of October 31,	
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(unaudited)</i>
Raw materials	290,517	306,028	279,940
Work in progress	100,966	135,179	121,747
Finished goods	278,163	374,890	381,887
Less: write-downs of inventories	(16,959)	(23,378)	(36,524)
Total	652,687	792,719	747,050

Our inventories increased by 21.5% from RMB652.7 million as of December 31, 2023 to RMB792.7 million as of December 31, 2024, primarily due to an increase in finished goods, mainly resulting from our higher stockpiling in anticipation of increased future sales following the inclusion of more types of our drugs in the VBP program. Our inventories remained relatively stable at RMB792.7 million as of December 31, 2024 to RMB747.1 million as of October 31, 2025, respectively.

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The following table sets forth our inventory turnover days for the periods indicated:

	Year ended December 31,		Ten months ended October 31,
	2023	2024	2025
			<i>(Unaudited)</i>
Inventory turnover days ⁽¹⁾	128.1	123.1	135.3

Note:

- (1) Inventory turnover days are calculated using the average of opening balance and closing balance of inventories (net of write-downs of inventories) for a year/period divided by cost of sales for the relevant year/period and multiplied by 365 days or 304 days.

Our inventory turnover days remained relatively stable at 128.1 days in 2023 and 123.1 days in 2024, respectively. Our inventory turnover days increased from 123.1 days in 2024 to 135.3 days in the ten months ended October 31, 2025, primarily due to an increase in average inventory level to support our sales increment.

As of January 15, 2026, RMB380.9 million or 48.6% of inventories as of October 31, 2025, had been used, consumed or sold.

Trade receivables

Our trade receivables primarily consisted the outstanding receivables from our customers during our ordinary course of business. The following table sets out a breakdown of our trade receivables as of the dates indicated.

	As of December 31,		As of October 31,
	2023	2024	2025
			<i>(Unaudited)</i>
	<i>(RMB in thousands)</i>		
Trade receivables	616,384	805,027	871,471
Less: loss allowance for trade receivables	(44,928)	(57,179)	(63,019)
Total	571,456	747,848	808,452

Our trade receivables increased by 30.9% from RMB571.5 million as of December 31, 2023 to RMB747.8 million as of December 31, 2024, and further increased by 8.1% to RMB808.5 million as of October 31, 2025, primarily due to the increase in our sales and an extension of customer credit terms in line with PRC pharmaceutical industry procurement practices.

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For certain customers, we have engaged in credit sale with them during the Track Record Period and we usually grant credit terms ranging from 30 to 120 days. We seek to maintain strict control over our outstanding receivables. Our sales management department is responsible for minimizing credit risks. Overdue balances are reviewed regularly. The following table sets out an aging analysis of our trade receivables and bills receivable as of the dates indicated:

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within one year	569,322	743,920	802,727
One year to two years	1,793	3,813	5,210
Two years to three years	341	115	515
Total	571,456	747,848	808,452

The following table sets forth our trade receivables turnover days for the periods indicated:

	Year ended December 31,		Ten months ended
	2023	2024	October 31,
			<i>(Unaudited)</i>
Trade receivables turnover days ⁽¹⁾	47.7	57.9	70.7

Note:

- (1) Trade receivables turnover days are calculated using the average of opening balance and closing balance of trade receivables (net of loss allowance) for a year/period divided by revenue for the relevant year/period and multiplied by 365 days or 304 days.

Our trade receivables turnover days increased from 47.7 days in 2023 to 57.9 days in 2024, and further increased to 70.7 days in the ten months ended October 31, 2025, primarily due to an extension in customers’ payment cycles, which was in line with PRC pharmaceutical industry procurement practices.

As of January 15, 2026, RMB684.7 million, or 78.6% of our trade receivables as of October 31, 2025, had been settled.

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Financial Assets at Fair Value through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income comprised of bills receivable.

Our financial assets at fair value through other comprehensive income increased significantly from RMB41.1 million as of December 31, 2023 to RMB104.2 million as of December 31, 2024, primarily due to an increase in bank acceptance bills for settlement. Our financial assets at fair value through other comprehensive income decreased by 72.1% from RMB104.2 million as of December 31, 2024 to RMB29.1 million as of October 31, 2025, primarily due to a decrease in bank acceptance bills for settlement.

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

Our financial assets at FVTPL primarily consisted of (i) unlisted equity investments and (ii) structured deposits. We recorded financial assets at FVTPL of RMB700.7 million, RMB1,322.2 million and RMB814.4 million as of December 31, 2023 and 2024 and October 31, 2025. The following table sets out a breakdown of our financial assets at FVTPL as of the dates indicated:

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Non-Current			
Unlisted equity investments, at fair value	549,787	494,591	496,303
Current			
Structured deposits	150,956	827,657	318,064
Total	700,743	1,322,248	814,367

The current portion of our financial assets at FVTPL increased significantly from RMB151.0 million as of December 31, 2023 to RMB827.7 million as of December 31, 2024, primarily due to more structured deposits purchased. The current portion of our financial assets at FVTPL decreased by 61.6% from RMB827.7 million as of December 31, 2024 to RMB318.1 million as of October 31, 2025, primarily due to the redemption upon maturity of our structured deposits.

We have adopted internal policies and procedures to manage investments in financial instruments, including wealth management products and structured deposits. Our finance department is responsible for deploying idle funds with a focus on prudent risk control and enhancing returns on cash assets. The investment strategy is formulated by our finance department, including our chief financial officer, and approved by the chairperson of our board, with specific product selection and approval procedures in place.

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We endeavor to increase the return of idle cash and bank balances by placing investments in structured deposits and wealth management products with low risk such that our risk exposure arising from such investments is controlled. All investment proposals are reviewed and approved by authorized personnel in accordance with our internal financial management policy. Our finance department maintains records of each investment and monitors performance on an ongoing basis.

Time deposits

During the Track Record Period, our time deposits consisted non-current time deposits and current time deposits with the original maturities over three months but less than one year.

Our time deposits increased by 60.5% from RMB1,025.1 million as of December 31, 2023 to RMB1,645.5 million as of December 31, 2024, and subsequently increased to RMB1,647.0 million as of October 31, 2025. Such fluctuation was mainly because we reallocated funds from time deposits in accordance with our treasury management strategy to meet liquidity needs while optimizing overall yield.

Trade and bill payables

Our trade and bills payables primarily consisted of (i) trade payables and (ii) bills payables. The following table sets out a breakdown of our trade and bills payables as of the dates indicated:

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Trade payables	257,116	279,690	228,112
Bills payables	330,311	285,500	313,722
Total	587,427	565,190	541,834

Our trade and bills payables remained relatively stable at RMB587.4 million as of December 31, 2023, RMB565.2 million as of December 31, 2024 and RMB541.8 million as of October 31, 2025, respectively.

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The trade payables are normally settled within 30 to 90 days. The following table sets out an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of October 31,
	2023	2024	2025
	<i>(RMB in thousands)</i>		<i>(Unaudited)</i>
Within one year	253,694	275,159	221,246
One year to two years	1,947	2,853	1,953
Two years to three years	198	417	2,759
After three years	1,277	1,261	2,154
Total	257,116	279,690	228,112

The following table sets forth our trade payables turnover days for the Track Record Period:

	Year ended December 31,		Ten months ended October 31,
	2023	2024	2025
	<i>(Unaudited)</i>		
Trade payables turnover days ⁽¹⁾	46.4	45.7	44.6

Note:

- (1) Trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year/period divided by cost of sales used for the relevant year/period and multiplied by 365 days or 304 days.

Our trade payables turnover days remained relatively stable at 46.4 days in 2023, 45.7 days in 2024 and 44.6 days in the ten months ended October 31, 2025.

As of January 15, 2026, RMB176.3 million, or 77.3% of our trade payables as of October 31, 2025, had been settled.

Other payables and accruals

Our other payables and accruals primarily consisted of (i) accrued expenses, (ii) salary and bonus, (iii) other taxes payable, (iv) construction and equipment payable, (v) deposits, (vi) payable for a litigation claim and (vii) others. Our other payables and accruals remained relatively stable at RMB1,098.7 million, RMB1,129.0 million, RMB1,065.0 million as of December 31, 2023 and 2024, and October 31, 2025, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements primarily through cash generated from our operating activities and capital contributions from our shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We do not anticipate any material change to the availability of financing to fund our operations in the foreseeable future.

Cash Flow

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

Net Cash Flows Generated from/Used in Operating Activities

Our cash flows from operating activities primarily reflect our profit before taxation adjusted by: (i) non-cash and non-operating items and (ii) changes in working capital.

In the ten months ended October 31, 2025, we generated net cash from operating activities of RMB713.0 million, which represented our profit before taxation from continuing operations of RMB711.5 million, as adjusted by non-cash and non-operating items and movements in working capital, and after taking into account interest received of RMB48.6 million and income tax paid of RMB135.6 million. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB212.7 million, (ii) depreciation of right-of-use assets of RMB19.0 million and (iii) write-down of inventories of RMB13.1 million, partially offset by (i) interest income of RMB48.6 million, (ii) deferred income credited to profit or loss of RMB18.5 million and (iii) net gain on disposal of financial assets at fair value through profit or loss of RMB6.3 million. Our movements in working capital primarily comprised (i) an increase in trade receivables of RMB66.6 million, (ii) an

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increase in prepayments, deposits and other receivables of RMB72.7 million and (iii) a decrease in other payables and accruals of RMB60.4 million, partially offset by (i) a decrease in financial assets at fair value through other comprehensive income of RMB75.1 million and (ii) a decrease in inventories of RMB32.5 million.

In 2024, we generated net cash from operating activities of RMB726.2 million, which represented our profit before taxation from continuing operations of RMB844.0 million, as adjusted by non-cash and non-operating items and movements in working capital, and after taking into account interest received of RMB71.2 million and income tax paid of RMB96.6 million. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB264.4 million, (ii) fair value loss on financial assets at fair value through profit or loss of RMB42.4 million and (iii) depreciation of right-of-use assets of RMB22.1 million, partially offset by (i) interest income of RMB71.2 million, (ii) deferred income credited to profit or loss of RMB22.0 million and (iii) net gain on disposal of financial assets at fair value through profit or loss of RMB3.7 million. Our movements in working capital primarily comprised (i) an increase in trade receivables of RMB189.6 million, (ii) an increase in inventories of RMB146.5 million and (iii) an increase in financial assets at fair value through other comprehensive income of RMB63.0 million, partially offset by (i) a decrease in restricted bank deposits of RMB50.4 million and (ii) an increase in other payables and accruals of RMB27.7 million.

In 2023, we generated net cash from operating activities of RMB792.8 million, which represented our profit before taxation from continuing operations of RMB708.2 million, as adjusted by non-cash and non-operating items and movements in working capital, and after taking into account interest received of RMB60.3 million and income tax paid of RMB97.5 million. Adjustments of non-cash and non-operating items primarily comprised (i) depreciation of property, plant and equipment of RMB186.0 million and (ii) depreciation of right-of-use assets of RMB22.5 million, partially offset by (i) interest income of RMB60.3 million, (ii) fair value gain on financial assets at fair value through profit or loss of RMB36.8 million and (iii) deferred income credited to profit or loss of RMB23.7 million. Our movements in working capital primarily comprised (i) an increase in prepayments, deposits and other receivables of RMB261.9 million and (ii) an increase in trade receivables of RMB103.7 million, partially offset by (i) an increase in other payables and accruals of RMB279.2 million and (ii) a decrease in inventories of RMB123.0 million.

Net Cash Flows Generated from/Used in Investing Activities

In the ten months ended October 31, 2025, our net cash flows generated from investing activities were RMB397.1 million, which was primarily attributable to (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB2,123.7 million and (ii) withdrawal of time deposits of RMB62.0 million, partially offset by (i) purchases of financial assets at fair value through profit or loss of RMB1,600.9 million, (ii) purchases of property, plant and equipment of RMB136.3 million and (iii) purchases of intangible assets of RMB53.6 million.

In 2024, our net cash flows used in investing activities was RMB1,437.9 million, which was primarily attributable to (i) purchases of financial assets at fair value through profit or loss of RMB4,236.0 million, (ii) placement of time deposits of RMB1,102.9 million and (iii) purchases of property, plant and equipment of RMB265.8 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB3,625.1 million and (ii) withdrawal of time deposits of RMB530.0 million.

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In 2023, our net cash flows used in investing activities was RMB737.6 million, which was primarily attributable to (i) placement of time deposits of RMB750.2 million, (ii) purchases of financial assets at fair value through profit or loss of RMB425.0 million, (iii) purchases of property, plant and equipment of RMB313.0 million and (iv) purchases of investment properties of RMB223.8 million, partially offset by (i) proceeds from disposal of financial assets at fair value through profit or loss of RMB636.0 million and (ii) withdrawal of time deposits of RMB305.0 million.

Net Cash Flows Used in Financing Activities

In the ten months ended October 31, 2025, our net cash flows used in financing activities were RMB911.2 million, primarily attributable to (i) repurchase of treasury shares of RMB608.8 million, (ii) repayment of borrowings of RMB439.9 million and (iii) dividends paid to equity holders of the parent of RMB284.9 million, partially offset by (i) proceeds from borrowings of RMB442.6 million.

In 2024, our net cash flows used in financing activities were RMB280.2 million, primarily attributable to (i) dividends paid to equity holders of the parent of RMB258.3 million and (ii) repayment of borrowings of RMB735.9 million, partially offset by proceeds from borrowings of RMB738.3 million.

In 2023, our net cash flows used in financing activities were RMB245.6 million, primarily attributable to (i) repayment of borrowings of RMB544.7 million and (ii) dividends paid to equity holders of the parent of RMB258.3 million, partially offset by (i) proceeds from borrowings of RMB585.0 million.

INDEBTEDNESS

As of December 31, 2023, 2024 and October 31, 2025 and January 15, 2026, our indebtedness included borrowings and lease liabilities. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,	As of	October 31,	As of
	2023	2024	2025	January 15,
				2026
	<i>(RMB in thousands)</i>			
	<i>(Unaudited)</i>			
Current				
Borrowings	279,091	281,355	284,576	194,480
Lease liabilities	11,860	13,302	7,279	8,076
Non-current				
Lease liabilities	31,228	23,131	23,263	27,552
Total	322,179	317,788	315,118	230,108

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Except for our indebtedness as disclosed above as of December 31, 2023, 2024 and October 31, 2025 and January 15, 2026, we did not have any 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) or acceptance credits which were either guaranteed or unguaranteed, secured or unsecured.

As of the Latest Practicable Date, there was no restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that there has not been any material change in our indebtedness since the Latest Practicable Date and up to the date of this document.

Lease Liabilities

As of December 31, 2023, 2024, and October 31, 2025 and January 15, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB43.1 million, RMB36.4 million, RMB30.5 million and RMB35.6 million, respectively.

Our total lease liabilities decreased by 15.4% from RMB43.1 million as of December 31, 2023 to RMB36.4 million as of December 31, 2024, and further decreased by 16.2% to RMB30.5 million as of October 31, 2025, primarily because we made rental payments under our existing lease arrangements. Our total lease liabilities increased by 16.7% from RMB30.5 million as of October 31, 2025 to RMB35.6 million as of January 15, 2026, primarily due to the renewal of our existing lease arrangements.

Borrowings

As of December 31, 2023, 2024, October 31, 2025 and January 15, 2026, our total borrowings amounted to RMB279.1 million, RMB281.4 million, RMB284.6 million and RMB194.5 million, respectively.

No Other Outstanding Indebtedness

Save as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of January 15, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in our indebtedness since January 15, 2026.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, October 31, 2025 and January 15, 2026, we did not have any material contingent liabilities.

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KEY FINANCIAL RATIOS

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

	As of/For the Year ended		As of/For the Ten
	December 31,		months ended
	2023	2024	October 31,
			2025
			<i>(Unaudited)</i>
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.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of (i) purchases of property, plant and equipment, (ii) purchases of intangible assets, (iii) purchases of investment properties and (iv) acquisition of right of use assets.

In 2023, 2024 and October 31, 2024 and 2025, our capital expenditures were RMB541.5 million, RMB285.0 million, RMB240.1 million and RMB189.8 million, respectively. We funded these expenditures mainly with cash generated from cash generated from our operating activities.

Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings, and the net [REDACTED] received from the [REDACTED]. See “Future Plans and [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

During the Track Record Period, our capital commitments were (i) acquisition of property, plant and equipment. See Note 44 to the Accountant’s Report in Appendix I to this document. As of December 31, 2023, 2024 and October 31, 2025, the total amount of our capital commitments was RMB414.5 million, RMB309.4 million and RMB265.7 million, respectively.

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RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. During the Track Record Period, our Company sold products (including APIs) to entities held by the controlling shareholders. We also procured from entities held by the controlling shareholders (i) products (including packaging materials and daily chemicals) and (ii) services (including property cleaning services). The pricing and other principal terms of our related party transactions are determined in accordance with our internal related party transaction pricing policy. We generally refer to the terms of comparable transactions with independent third parties or apply a cost-plus approach when no such comparable are available. For details about our related party transactions during the Track Record Period, see Note 45 of Appendix I to this document.

Our Directors are of the view that our related party transactions during the Track Record Period were conducted in the ordinary course of business on an arm’s length basis with reference to normal commercial terms, and did not distort our track record results or render our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements. We also have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISKS DISCLOSURE

We are exposed to a variety of financial risks, including currency risk, interest rate risk, price risk, credit risk and liquidity risk. The management of our Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. See Note 40 of Appendix I to this document for details.

Currency risk

Our Group has currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the units’ functional currencies. The operating units are mainly exposed to foreign currency of US\$ and EUR. Our Group’s policy is to ensure that its net exposure is kept to an acceptable level by forecasting sales and purchases over the following 12 months at any point in time.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group’s and our Company’s interest rate risk rises primarily from cash and bank balances, restricted bank deposits, lease liabilities and borrowings.

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Cash and bank balances and restricted bank deposits issued at variable rates expose our Group to cash flow interest rate risk. Lease liabilities and borrowings issued at fixed rate expose our Group to fair value interest rate risk. Our Group has a policy of maintaining our borrowings on a fixed rate basis.

Our Group does not account for any fixed rate financial assets and liabilities at FVTPL, therefore, in respect of the fixed rate instruments, a change in interest rates would not affect the profit or loss and equity of our Group and our Company at each reporting date. Our management considers that the effect of cash flow interest rate risk arising from variable-rate bank balances is insignificant either due to their short-term maturity or stable interest rate.

Price risk

We are exposed to equity price risk through its unlisted equity investments at fair value. The performance is assessed by the chairperson of our board and the chief financial officer monthly, based on the financial information available to us. At 31 December 2023 and 2024 and 31 October 2025, it is estimated that an increase/(decrease) of the price-to-book-value ratios of comparable listed companies, with all other variables held constant, would have insignificant effect on our profit or loss and equity.

Credit risk

As at the end of each reporting period, our Group's maximum exposure to credit risk which will cause a financial loss to our Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position.

Our Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Our management does not expect that there will be any significant losses from non-performance by these counterparties.

Liquidity risk

In the management of the liquidity risk, we monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by our management to finance our Group's operations and mitigate the effects of fluctuations in cash flows.

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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].”

WORKING CAPITAL CONFIRMATION

Taking into account the financial resources available to us, including our cash and cash equivalents on hand, operating cash flows, available financing facilities and the estimated net [REDACTED] from the [REDACTED], our Directors are of the view that, we have sufficient working capital to meet our present requirements and for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As of October 31, 2025, we did not have any distributable reserves.

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[REDACTED]

[REDACTED]

[REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — [REDACTED] Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since October 31, 2025, being the end date of the periods reported in Appendix I to this document, and there is no event since October 31, 2024 that would materially affect the information as set out in the Accountants’ Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER 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.