You should read the following discussion and analysis in conjunction with our consolidated financial information included in "Appendix I – Accountant's Report" to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. In evaluating our business, you should carefully consider the information provided in this document, including but not limited to the sections headed "Risk Factors" and "Business".

For the purposes of this section, unless the context otherwise requires, references to the years of 2024 and 2025 refer to the years ended December 31 of such years.

In addition, the following discussion and analysis contains certain amounts and percentage figures that have been subject to rounding adjustments, accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them, and all monetary amounts and percentages shown are approximate amounts only.

OVERVIEW

Founded in January 2015, we are an early cancer detection company with a strategic focus on high-incidence, high-mortality cancers. We have pioneered the development of methylation-based early cancer detection products. As of the Latest Practicable Date, we had two Core Products, IHepcomf (艾馨甘) and IUrisure (艾光樂), targeting liver cancer and urothelial cancer, respectively. IHepcomf (艾馨甘) is the world's first methylation-based liver cancer early detection assay utilizing qPCR technology, demonstrating 92.33% sensitivity and 93.35% specificity in liver cancer detection through blood samples, with remarkable 84.43% sensitivity in stage I patients. Our another Core Product, IUrisure (艾光樂), offers non-invasive detection of urothelial cancer using only 1mL of urine sample, significantly improving efficiency and convenience compared to conventional methods.

During the Track Record Period, our revenue amounted to RMB7.2 million and RMB15.4 million in 2024 and 2025, respectively. We incurred net losses of RMB38.6 million and RMB49.0 million in 2024 and 2025, respectively. Since we have limited operating history particularly in the commercialization of our products and our operations to date since our inception have focused on business planning, raising capital, conducting preclinical studies and clinical trials, our future financial performance may be significantly different from our current performance as a company at the early growth stage. As we develop and commercialize more pipeline products, we expect our results of operations will improve. Please refer to "Risk Factors – We have a relatively short track record in marketing and sales of our products".

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the most significant factors affecting our results of operations, financial condition and cash flow include the following:

Growth and Competitive Landscape of China's Oncology Molecular Testing Market

Our financial performance and future growth depend on the overall growth of China's oncology molecular testing market, as well as changes in its competitive landscape. Rising cancer incidences, heightened public awareness of and demand for early cancer detection, and increased support from both public and private healthcare sectors are key factors driving the market expansion of our methylation-based early cancer detection products. According to Frost & Sullivan, the oncology molecular testing market in China has grown from RMB4.3 billion in 2019 to RMB8.7 billion in 2024, with a CAGR of 15.2%, and is expected to reach RMB38.8 billion by 2033, with a CAGR of 18.1% from 2024 to 2033. The oncology molecular testing market in China remains largely untapped with a penetration rate of 0.7% for the early detection of liver cancer and 0.5% for urothelial cancer in 2024, according to Frost & Sullivan. For more details, please refer to "Industry Overview". We believe that by leveraging our position and first mover advantages in the oncology molecular testing market in China, we are well-positioned to capture the tremendous market opportunities. With the potential growth in the oncology molecular testing market in China, we expect our results of operation and financial performance to improve in the future.

Changes in the competitive landscape for our cancer detection products and the industry in which we compete will also impact our results of operations. Our Core Product IHepcomf (艾馨甘) is the world's first methylation-based liver cancer assay utilizing qPCR technology, according to Frost & Sullivan. While we expect to benefit from first-mover advantages from our products, market entry by potential competitors or faster-than-expected development of potential competitors in the oncology molecular testing market may affect our market position and demand for our products and cause downward pricing pressure on our products, which may in turn affect our results of operations.

Our Ability to Successfully Increase Sales of Our NMPA-approved Products

Our results of operations will depend to a significant extent on the successful sales of our NMPA-approved products, which include tests for colorectal, esophageal and liver cancers. Our revenue amounted to RMB7.2 million and RMB15.4 million for the years ended December 31, 2024 and 2025, respectively, of which our NMPA-approved products IColocomf (艾長康), IColohunter (艾長健), IEsohunter (艾思寧), IHepcomf (艾馨甘) and IUrisure (艾光樂) accounted for a significant portion. We expect that sales of our NMPA-approved products will account for a substantial portion of our total revenue in the near term. Since the NMPA approval of our products, we have focused on their commercialization through building a robust, scalable distribution network spanning over 100 public hospitals nationwide, medical testing laboratories and private health checkup centers. We plan to increase sales efforts to deepen penetration of our NMPA-approved products among patients and in hospitals. Our revenue was primarily derived from limited sales of our NMPA-approved products during the Track Record Period. Our historical results will not be indicative of our performance going forward, as we continue to expand sales of our NMPA-approved products.

Our Ability to Develop and Commercialize Our Product Candidates

The continued advancement of our portfolio product candidates through clinical trials and the regulatory approval process toward commercialization is critical to our sustained business growth. As of the Latest Practicable Date, we had a number of early cancer detection products pending clinical trials or NMPA approval, covering indications such as liver cancer recurrence detection and urothelial cancer recurrence detection. We are also actively expanding our pan-cancer pipeline, with a six-high-incidence-cancer combined detection panel currently under development, aimed at improving early detection across multiple cancer types. We plan to advance our pipeline products, in particular, IStomacomf (艾衛元) for gastric cancer and the IPulmocomf (艾斐暢) for lung cancers. We also plan to advance the R&D on our MRD detection product for liver cancer and urothelial cancer recurrence detection. Please refer to "Business – Our Development Strategies – Expand our R&D Capabilities and Platform to Advance our Pipeline Products". Our pipeline products are technologically compatible with our existing products so that we can leverage our existing proprietary technologies to improve return of research and development expenditure. We believe the continued diversification of our product portfolio will enable us to achieve significant operating efficiencies that will help us reduce costs and improve profitability.

Our results of operations also depend on our ability to successfully commercialize our product candidates upon approval. With increasing public awareness of early cancer detection and our robust distribution network, we believe that we can effectively promote our new products. However, our ability to successfully develop and commercialize new early cancer detection products in the manner we contemplate and to achieve the sales we expect is subject to a number of risks, many of which are beyond our control. For further details of the risks relating to the development and commercialization of new products, please refer to "Risk Factors – Risks Relating to the Development of Our Product Candidates".

Cost Structure

Our operating costs during the Track Record Period primarily consisted of cost of revenue, research and development expenses, general and administrative expenses and selling and distribution expenses, details of which are set out below.

- *Cost of revenue*. Our cost of revenue primarily consisted of staff cost, cost of raw materials, depreciation and amortization expenses, and other expenses during the Track Record Period. Our cost of revenue amounted to RMB3.1 million and RMB3.4 million for the years ended December 31, 2024 and 2025, respectively, accounting for 43.1% and 21.9% of our total revenue for the respective periods. As we gradually expand the commercial production of our self-developed products, our cost of raw materials and staff cost may increase in the foreseeable future.

- *Research and development expenses*. Research and development is critical to the sustainable growth of our business and we have devoted significant resources on research and development activities. Our research and development expenses primarily consisted of staff cost, depreciation and amortization expenses, testing and clinical trial expenses, traveling expenses and cost of raw materials during the Track Record Period. Our research and development expenses amounted to RMB15.0 million and RMB21.3 million for the years ended December 31, 2024 and 2025, respectively, accounting for 207.2% and 138.1% of our total revenue for the respective periods. Research and development expenses have been and are expected to remain a major component in our cost structure. Our research and development expenses are affected by the timing and advancement of clinical trials of our self-developed products. We expect to incur significant research and development expenses for the next few years as we continue to advance our product candidates and develop new product candidates. Please refer to "Business – Our Development Strategies – Expand our R&D Capabilities and Platform to Advance our Pipeline Products".

- *Selling and distribution expenses*. Our selling and distribution expenses primarily consisted of staff cost, conference expenses, business promotion fee and traveling expenses during the Track Record Period. Our selling and distribution expenses amounted to RMB15.1 million and RMB13.2 million for the years ended December

31, 2024 and 2025, respectively, accounting for 208.6% and 85.6% of our total revenue for the respective periods. In 2024, we made major marketing efforts to promote our brand and methylation based detection. As a result of our effort, our brand and methylation based detection were recognized by Chinese National Clinical Practice Guidelines on Prevention, Diagnosis and Treatment of Early Colorectal Cancer in 2024. Our selling and distribution expenses may increase in line with sales of our products going forward.

- *General and administrative expenses*. Our general and administrative expenses primarily consisted of staff cost, depreciation and amortization expenses, professional services fee, office expenses, rental expenses and traveling expenses during the Track Record Period. Our general and administrative expenses amounted to RMB5.8 million, and RMB20.1 million for the years ended December 31, 2024 and 2025, respectively, accounting for 79.7% and 130.0% of our total revenue for the respective periods. The increase is mainly attributable to the **[REDACTED]** expenses and share-based payment expenses incurred in 2025. We expect our general and administrative expenses to remain relatively stable and account for a smaller proportion of our total revenue as our revenue increases in the foreseeable future.

We expect our cost structure to evolve as we develop and expand our business. As we continue to develop new products and technologies, we expect to incur additional costs in relation to our research and development, raw materials procurement, production and sales and marketing, among other things. Moreover, to support our business growth, we expect to increase our headcount, particularly for our research and development team, and incur higher staff costs as a result.

Funding for Our Operations

For the years ended December 31, 2024 and 2025, we funded our operations primarily through equity financing and borrowings. Going forward, with the marketing of our current products and the successful commercialization of our product candidates, we expect to fund our operations in part with revenue generated from sales of our products. However, with the continuing expansion of our business and development of product candidates, we may require further funding through public or private equity offerings, debt financing and other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operation.

IMPACT OF COVID-19

The impact of the COVID-19 pandemic on our overall business operations was limited and did not have any material impact on our Group's operation and financial condition. The COVID-19 pandemic had certain impact on the progress of our clinical trials as the travel restrictions limited patients' ability to seek medical treatment and the admission process of hospitals became longer. The adverse impact of the pandemic has gradually subsided since 2023. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption to our regular operations, raw material procurement or product delivery due to the COVID-19 pandemic. In response to the pandemic, we implemented various measures in line with government policies and regulations to ensure stable operations, including online meetings and remote working arrangements. Accordingly, our Directors believe that the pandemic has not had any material adverse impact on our business operations and financial performance during the Track Record Period.

BASIS OF PREPARATION

The historical financial information of our Group has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**"). The historical financial information has been prepared under the historical cost convention, except that certain financial assets and financial liabilities are carried at fair value.

All of the new standards, amendments to standards and interpretations that are effective during the years ended December 31, 2024 and 2025 have been adopted by us consistently throughout the Track Record Period. We have not early adopted the new standards and interpretations not yet adopted, and the new and amended standards, amendments and interpretations issued but not effective for the Track Record Period. We have already commenced an assessment of the impact of these new and amended standards and have concluded on a preliminary basis that adoption of these new and amended standards are not expected to have significant impacts on our financial performance and position when they become effective.

For details, please refer to Note 2 to the Accountant's Report included in Appendix I to this document.

MATERIAL ACCOUNTING POLICIES AND JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related 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 operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from 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 to these estimates and assumptions in the foreseeable future. Please refer to Note 4 to the Accountant's Report in Appendix I to this document.

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 include accounting policies relate to revenue recognition and redemption liabilities to financial investors set forth in Notes 5(e) and 22 to the Accountant's Report in Appendix I to this document.

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

The following table sets forth a summary of our consolidated statement of profit or loss and other comprehensive income for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Revenue	7,238	100.0%	15,419	100.0%
Cost of revenue	(3,120)	(43.1)%	(3,384)	(21.9)%
Gross profit	4,118	56.9%	12,035	78.1%
Selling and distribution expenses	(15,099)	(208.6)%	(13,194)	(85.6)%
General and administrative expenses	(5,771)	(79.7)%	(20,050)	(130.0)%
Research and development expenses	(15,000)	(207.2)%	(21,297)	(138.1)%
Net impairment losses on financial assets	(68)	(0.9)%	(487)	(3.2)%
Other income	7,435	102.7%	1,920	12.5%
Other gains, net	597	8.2%	216	1.4%
Operating loss	(23,788)	(328.7)%	(40,857)	(265.0)%
Finance income	45	0.6%	14	0.1%
Finance costs	(14,887)	(205.7)%	(8,136)	(52.8)%
Loss before income tax	(38,630)	(533.7)%	(48,979)	(317.7)%
Loss and total comprehensive loss for the year attributable to owners of the Company	**(38,630)**	**(533.7)%**	**(48,979)**	**(317.7)%**

Revenue

During the Track Record Period, we generated revenue from (i) sales of products, and (ii) other revenue from the license and collaboration agreement. Revenue from sales of products consists of (i) sales of our self-developed diagnostic kits, including IColocomf (艾長康), IColohunter (艾長健), IEsohunter (艾思寧), IHepcomf (艾馨甘), and IUrisure (艾光樂) and (ii) other products which mainly include general purpose reagents which are sold on demand from customers. We also recorded revenue from the license and collaboration agreement regarding fees received for profit sharing with Hybribio Biotech for a cervical early cancer detection product.

The following table sets forth a breakdown of our revenue by nature for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Sales of products	7,157	98.9%	15,308	99.3%
Others	81	1.1%	111	0.7%
Total	**7,238**	**100.0%**	**15,419**	**100.0%**

The following table sets forth a breakdown of our revenue by product for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Sales of products				
IColocomf (艾長康)	5,224	72.2%	4,578	29.7%
IHepcomf (艾馨甘)	74[(1)]	1.0%	4,486	29.1%
IColohunter (艾長健)	278	3.8%	2,843	18.4%
IEsohunter (艾思寧)	18[(1)]	0.2%	2,317	15.0%
IUrisure (艾光樂)	–	–	4	0.0%
Other products	1,563	21.6%	1,080	7.0%
Sub-total	7,157	98.9%	15,308	99.3%
Others	81	1.1%	111	0.7%
Total	**7,238**	**100.0%**	**15,419**	**100.0%**

Note:

(1) The revenue from IEsohunter (艾思寧) and IHepcomf (艾馨甘) in 2024 was derived from overseas sales.

During the Track Record Period, we generated revenue mainly from (i) IColocomf (艾長康), (ii) IColohunter (艾長健), (iii) IEsohunter (艾思寧) and (iv) IHepcomf (艾馨甘). For the years ended December 31, 2024 and 2025, our revenue generated from sales of products were RMB7.2 million and RMB15.3 million, respectively, representing 98.9% and 99.3% of our total revenue, respectively. We expect to continue to generate a substantial portion of our revenue from sales of self-developed products in the near future. With our pipeline products being launched into the market in the future upon approval, our sources of revenue are expected to become more diversified. Our sales of other products mainly included general purpose reagents which we provided at the request of customers and fluctuated during the Track Record Period. In addition, other revenue was in relation to the agreement we entered into with Hybribio Biotech for our cervical cancer early detection product, which has received NMPA approval and began to generate revenue from September 2024, pursuant to which we were entitled to profit sharing with Hybribio Biotech for cervical cancer early detection products sold by Hybribio Biotech in China.

The following table sets forth a breakdown of our products with reference to sales volume and average selling price during the Track Record Period:

	For the year ended December 31,			
	2024		2025	
	Sales volume	Average selling price per unit	Sales volume	Average selling price per unit
	(unit)	*(RMB)*	*(unit)*	*(RMB)*
IColocomf (艾長康)	51,696	101	56,688	81
IColohunter (艾長健)	6,072	46	60,792	47
IEsohunter (艾思寧)	96	190	25,968	89
IHepcomf (艾馨甘)	384	192	43,896	102
IUrisure (艾光樂)	–	–	48	75

The average selling price of IEsohunter (艾思寧) and IHepcomf (艾馨甘) decreased significantly from 2024 to 2025 as the revenue from IEsohunter (艾思寧) and IHepcomf (艾馨甘) in 2024 was derived from overseas sample sales, the high price of which were not representative. There is no cannibalization or substitution among our products as our products either target different types of cancer or use different samples. For example, while both IColocomf (艾長康) and IColohunter (艾長健) are for colorectal cancer tests, IColocomf (艾長康) is stool-based and IColohunter (艾長健) is blood-based and meet different demands of customers. The sales volume of both IColocomf (艾長康) and IColohunter (艾長健) increased from 2024 to 2025.

Cost of revenue

Our cost of revenue consists of (i) staff cost, which include wages, bonuses and benefits for our production staff, (ii) cost of raw materials, representing raw material cost for our products, (iii) depreciation and amortization expenses, and (iv) other miscellaneous expenses including rental and utilities expenses. The following table sets forth a breakdown of our cost of revenue by nature for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Staff cost	1,486	47.6%	1,411	41.7%
Cost of raw materials	1,023	32.8%	1,226	36.2%
Depreciation and amortization expenses	513	16.4%	492	14.5%
Others	98	3.2%	255	7.5%
Total	**3,120**	**100.0%**	**3,384**	**100.0%**

Gross Profit and Gross Profit Margin

Our gross profit increased from RMB4.1 million for the year ended December 31, 2024 to RMB12.0 million for the year ended December 31, 2025. Our gross profit margin increased from 56.9% for the year ended December 31, 2024 to 78.1% for the year ended December 31, 2025, primarily due to our cost control measures which reduced our staff cost and other fixed cost, and economies of scale as we increased production to meet growing sales.

Other Income

Our other income consists of (i) government grants, which primarily consist of one-off government grants we received from local government in support of the research and development of our products, (ii) interest income from related party borrowings, (iii) interest income from deposits, and (iv) others, which mainly represent miscellaneous subsidies from local government.

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

	For the year ended December 31,	
	2024	2025
	RMB'000	
Government grants	6,558	1,389
Interest income from related party borrowings	723	518
Interest income from deposits	86	–
Others	68	13
Total	**7,435**	**1,920**

Other Gains

Our other gains primarily consist of (i) fair value gains on financial assets at fair value through profit or loss, mainly relating to our fair value gains from structured deposits, (ii) net foreign exchange gains/losses, and (iii) net losses on disposals of property, plant and equipment. The following table sets forth the breakdown of our other gains for the periods indicated.

	For the year ended December 31,	
	2024	2025
	(RMB'000)	
Net fair value gains on financial assets at fair value through profit or loss	593	225
Net foreign exchange gains/(losses)	4	(2)
Net losses on disposals of property, plant and equipment	–	(7)
Total	**597**	**216**

Selling and Distribution Expenses

Our selling and distribution expenses consist of (i) staff cost, which include wages, bonuses, share-based payment and benefits for our in-house sales and marketing team, (ii) conference expenses for academic conferences and exhibitions we attended, (iii) business promotion fee, representing fees for promotion services such as exhibitions and presentations at hospitals, (iv) traveling expenses for our sales and marketing team, and (v) other miscellaneous expenses including depreciation expenses allocated to our sales department and office expenses. In 2024, we made major marketing efforts to promote our brand and methylation based detection. As our brand and the methylation technology gradually gained recognition in the market, our selling and distribution expenses decreased. The following table sets forth a breakdown of our selling and distribution expenses and as percentages of our total selling and distribution expenses for the periods indicated:

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Staff cost	9,715	64.3%	9,071	68.8%
Conference expenses	2,748	18.2%	1,293	9.8%
Business promotion fee	131	0.9%	526	4.0%
Traveling expenses	1,479	9.8%	1,070	8.1%
Others	1,026	6.8%	1,234	9.3%
Total	**15,099**	**100.0%**	**13,194**	**100.0%**

General and Administrative Expenses

Our general and administrative expenses consist of (i) staff cost, which include wages, bonuses, share-based payment and benefits for our administrative and other personnel, (ii) **[REDACTED]** expenses, (iii) depreciation and amortization expenses, (iv) professional services fee mainly in relation to patent application and other consulting fees, (v) office expenses, (vi) rental expenses, (vii) traveling expenses of our administrative and other personnel, and (viii) other miscellaneous expenses including entertainment expenses and conference expenses of our administrative staff. The following table sets forth a breakdown of our general and administrative expenses and as percentages of our total general and administrative expenses for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Staff cost	2,620	45.4%	9,001	44.9%
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Depreciation and amortization expenses	1,170	20.3%	651	3.3%
Professional services fee	814	14.1%	401	2.0%
Office expenses	98	1.7%	132	0.7%
Rental expenses	284	4.9%	55	0.3%
Traveling expenses	161	2.8%	147	0.7%
Others	624	10.8%	1,142	5.6%
Total	**5,771**	**100.0%**	**20,050**	**100.0%**

Research and Development Expenses

Our research and development expenses primarily consist of (i) staff cost, which include wages, bonuses, share-based payment and benefits for our in-house R&D personnel, (ii) depreciation and amortization expenses relating to our laboratory equipment, (iii) testing and clinical trial expenses for our products, (iv) traveling expenses of our R&D personnel, (v) cost of raw materials for materials and consumables used in our R&D activities, and (vi) other miscellaneous expenses including rental and office expenses. We did not capitalize any research and development expenditures during the Track Record Period. The following table sets forth a breakdown of our research and development expenses and as percentages of our total research and development expenses for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Staff cost	8,892	59.3%	16,050	75.4%
Depreciation and amortization expenses	2,063	13.8%	1,836	8.6%
Testing and clinical trial expenses	1,856	12.4%	2,253	10.6%
Traveling expenses	570	3.8%	434	2.0%
Cost of raw materials	1,068	7.1%	490	2.3%
Others	551	3.6%	234	1.1%
Total	**15,000**	**100.0%**	**21,297**	**100.0%**

The following table sets forth a breakdown of our research and development expenses by Core Products and other products and product candidates, in absolute amounts and as percentages of our total research and development expenses for the periods indicated:

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
IUrisure (艾光樂)	2,848	19.0%	11,105	52.1%
IHepcomf (艾馨甘)	7,539	50.3%	6,234	29.3%
IEsohunter (艾思寧)	4,151	27.7%	256	1.2%
IColohunter (艾長健)	462	3.0%	86	0.4%
IColocomf (艾長康)	–	–	68	0.3%
Others	–	–	3,548	16.7%
Total	**15,000**	**100.0%**	**21,297**	**100.0%**

Net Impairment Losses on Financial Assets

Our impairment losses on financial assets primarily relate to credit loss allowance for our trade receivables and other receivables. We recorded impairment losses on financial assets of RMB68 thousand and RMB487 thousand for the years ended December 31, 2024 and 2025, respectively.

Finance Income

Our finance income relates to interest income from cash and cash equivalents. We recorded finance income of RMB45 thousand and RMB14 thousand for the years ended December 31, 2024 and 2025, respectively.

Finance Costs

Our finance costs consist of (i) interest on redemption liabilities to financial investors, (ii) interest expenses on borrowings, and (iii) interest expenses on lease liabilities. The following table sets forth a breakdown of our finance costs and as percentages of our total finance costs for the periods indicated.

	For the year ended December 31,			
	2024		2025	
	(RMB'000, except for percentages)			
Interest on redemption liabilities to financial investors	14,467	97.2%	7,329	90.1%
Interest expenses on borrowings	350	2.4%	737	9.1%
Interest expenses on lease liabilities	70	0.4%	70	0.9%
Total	**14,887**	**100.0%**	**8,136**	**100.0%**

Income Tax Expense

We recorded nil income tax expense for the years ended December 31, 2024 and 2025. Our Company qualified as a High and New Technology Enterprise ("**HNTE**") in 2023 and is entitled to a preferential income tax rate of 15% for a three-year period commencing 2023. During the Track Record Period, certain subsidiaries of our Group also qualified as "small low-profit enterprises" under the Enterprise Income Tax Law of the PRC and were entitled to a preferential income tax rate of 20%. As of the Latest Practicable Date, we fulfilled our previous and existing tax obligations and we were not aware of any outstanding or potential disputes with relevant tax authorities.

Loss for the Year

As a result of the foregoing, we recorded loss of RMB38.6 million and RMB49.0 million for the years ended December 31, 2024 and 2025, respectively.

RESULTS OF OPERATIONS

Year ended December 31, 2025 compared to year ended December 31, 2024

Revenue

Our revenue increased by 113.0% from RMB7.2 million for the year ended December 31, 2024 to RMB15.4 million for the year ended December 31, 2025. This increase was primarily driven by the increase in sales of products and, to a lesser extent, by the revenue we generated from the license and collaboration agreement.

Our revenue from sales of products significantly increased by 113.9% from RMB7.2 million for the year ended December 31, 2024, to RMB15.3 million for the year ended December 31, 2025, primarily due to the more diversified offering of our products, specifically increases of RMB4.4 million, RMB2.3 million and RMB2.6 million in revenue from sales of our self-developed IHepcomf (艾馨甘), IEsohunter (艾思寧) and IColohunter (艾長健), respectively, as we commercialized and increased sales following obtaining NMPA approval for IColohunter (艾長健) in September 2024 and IHepcomf (艾馨甘) and IEsohunter (艾思寧) in January 2025.

Our revenue from others increased from RMB81 thousand for the year ended December 31, 2024 to RMB111 thousand for the year ended December 31, 2025, as we entered into a license and collaboration agreement with Hybribio Biotech for a cervical cancer early detection product, which has received NMPA approval and began to generate revenue from September 2024, pursuant to which we were entitled to profit sharing with Hybribio Biotech for cervical cancer early detection products sold by Hybribio Biotech in China.

Cost of Revenue

Our cost of revenue remained relatively stable at RMB3.4 million for the year ended December 31, 2025 compared to RMB3.1 million for the year ended December 31, 2024.

Gross Profit and Gross Profit Margin

Our gross profit increased significantly by 192.3% from RMB4.1 million for the year ended December 31, 2024 to RMB12.0 million for the year ended December 31, 2025. Our gross profit margin increased from 56.9% for the year ended December 31, 2024 to 78.1% for the year ended December 31, 2025, primarily due to (i) the lower production costs of some of our products, and (ii) cost control measures which reduced our staff cost and other fixed cost, and economies of scale as we increased production to meet growing sales.

Other Income

Our other income decreased by 74.3% from RMB7.4 million for the year ended December 31, 2024 to RMB1.9 million for the year ended December 31, 2025, primarily due to a decrease in government grants we received from RMB6.6 million for the year ended December 31, 2024 to RMB1.4 million for the year ended December 31, 2025.

Other Gains

Our other gains decreased by 63.8% from RMB0.6 million for the year ended December 31, 2024 to RMB0.2 million for the year ended December 31, 2025, primarily due to the decrease in net fair value gains on financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 12.6% from RMB15.1 million for the year ended December 31, 2024 to RMB13.2 million for the year ended December 31, 2025, primarily due to (i) a decrease in conference expenses from RMB2.7 million to RMB1.3 million, and (ii) a decrease in staff cost from RMB9.7 million to RMB9.1 million.

General and Administrative Expenses

Our general and administrative expenses increased by 246.6% from RMB5.8 million for the year ended December 31, 2024 to RMB20.1 million for the year ended December 31, 2025, primarily due to (i) an increase in **[REDACTED]** expenses in relation to the proposed **[REDACTED]** from nil to RMB8.5 million, and (ii) an increase in staff cost from RMB2.6 million to RMB9.0 million further attributable to the increase in share-based payment from nil to RMB6.4 million.

Research and Development Expenses

Our research and development expenses increased by 42.0% from RMB15.0 million for the year ended December 31, 2024 to RMB21.3 million for the year ended December 31, 2025, primarily due to an increase in staff cost from RMB8.9 million to RMB16.0 million further attributable to the increase R&D headcount and the increase in share-based payment from nil to RMB10.3 million.

Net Impairment Losses on Financial Assets

Our impairment losses on financial assets increased by 616.2% from RMB68 thousand for the year ended December 31, 2024 to RMB0.5 million for the year ended December 31, 2025, primarily due to the increase in our trade receivables driven by our business growth.

Finance Income

Our finance income decreased by 68.9% from RMB45 thousand for the year ended December 31, 2024 to RMB14 thousand for the year ended December 31, 2025, primarily due to the decrease in interest income from cash and cash equivalents.

Finance Costs

Our finance costs decreased by 45.4% from RMB14.9 million for the year ended December 31, 2024 to RMB8.1 million for the year ended December 31, 2025, primarily due to a decrease in interest on redemption liabilities to financial investors resulting from the termination of the special rights pursuant to a termination agreement dated May 8, 2025.

Loss for the Year

As a result of the foregoing, our loss for the year increased by 26.9% from RMB38.6 million for the year ended December 31, 2024 to RMB49.0 million for the year ended December 31, 2025.

DESCRIPTION OF CERTAIN CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Our property, plant and equipment mainly consist of laboratory equipment, computer and electronic equipment, and leasehold improvement. The following table sets forth the details of our property, plant and equipment as of the dates indicated.

	As of December 31,	
	2024	2025
	RMB'000	
Laboratory equipment	3,287	2,402
Computer and electronic equipment	621	299
Other equipment	176	170
Leasehold improvement	212	124
Total	**4,296**	**2,995**

Our property, plant and equipment decreased from RMB4.3 million as of December 31, 2024 to RMB3.0 million as of December 31, 2025, primarily due to the depreciation charges during the year.

Inventories

Our inventories consist of raw materials and finished goods. We generally purchase raw materials for our in-house production based on the orders received and for research and development. The following table sets forth the details of our inventories as of the dates indicated and inventory turnover days for the periods indicated.

	As of/for the year ended December 31,	
	2024	2025
	RMB'000	
Raw materials	187	309
Finished goods	386	520
Total	**573**	**829**
Inventory turnover days(1)	71	76

(1) The inventory turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of inventories for the relevant period by cost of revenue for the relevant period and multiplying by 365 days for the full-year period.

Our inventories increased from RMB573 thousand as December 31, 2024 to RMB829 thousand as of December 31, 2025, primarily due to the increased raw materials and finished goods as we anticipated increase in sales orders. Our inventory turnover days remained relatively stable at 71 days in 2024 and 76 days in 2025.

The following table sets forth an aging analysis of our inventories during the Track Record Period:

	As of December 31,	
	2024	2025
	RMB'000	
Within 6 months	263	724
6 to 12 months	216	63
1 to 2 years	82	22
Over 2 years	11	20
Total	**573**	**829**

As of February 28, 2026, RMB125 thousand, or 15.0% of our total inventories as of December 31, 2025, had been subsequently consumed or sold.

Trade Receivables

Our trade receivables represent the balances due from certain customers.

Our trade receivables are generally due within 90 to 120 days from the date of billing. The following table sets forth the details of our trade and other receivables as of the dates indicated and trade receivables turnover days for the periods indicated.

	As of/for the year ended December 31,	
	2024	2025
	RMB'000	
Trade receivables	1,010	7,510
Less: credit loss allowance	(136)	(832)
Trade receivables, net	**874**	**6,678**
Trade receivable turnover days(1)	42	101

(1) The trade receivable turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in relevant period by revenue for the relevant period and multiplying by 365 days for the full-year period.

Our trade receivables increased from RMB0.9 million as of December 31, 2024 to RMB6.7 million as of December 31, 2025, primarily due to the increase in sales and we granted longer credit term to our new major customers in 2025. We expanded our customer base as we diversified our product offerings in 2025.

Our trade receivable turnover days increased from 42 days in 2024 to 101 days in 2025, primarily because we granted longer credit term to our new major customers in 2025 and we had more sales to major customers that have longer credit term, for example KingMed Medical. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material disputes or disagreements with our major customers relating to the relevant trade receivables.

As of February 28, 2026, RMB1.1 million, or 14.6% of our trade receivables as of December 31, 2025, had been subsequently settled. There are no recoverability concerns for trade receivables as most of our year-end trade receivables are still within their credit terms and we manage our exposure to credit risk through regular credit reviews and timely collection procedures.

The following table sets forth an aging analysis, based on the invoice date of our trade receivables as of the dates indicated.

	As of December 31,	
	2024	**2025**
	RMB'000	
Up to 1 year	899	7,005
1 to 2 years	60	410
Over 2 years	51	95
Total	**1,010**	**7,510**

We regularly review our customers' payment history and also review the aging of our trade receivables on a monthly basis. We believe our credit control policy is appropriate.

Prepayments and Other Receivables

Our prepayments and other receivables consist of (i) amounts due from related parties, (ii) prepayments to suppliers, (iii) deposits for our leased properties, (iv) other current assets, (v) value-added tax recoverable and (vi) others. The following table sets forth the details of our prepayments and other receivables as of the dates indicated.

	As of December 31,	
	2024	**2025**
	RMB'000	
Other receivables		
Amounts due from related parties	26,842	3,903
Deposits	497	464
Others	27	44
	27,366	4,411
Less: provision for impairment	(244)	(35)
	27,122	4,376
Prepayments to suppliers		
– Products and services procurement	305	143
Other current assets	–	1,058
Value-added tax recoverable	473	823
	27,900	6,400

Amounts due from related parties decreased from RMB26.8 million as of December 31, 2024 to RMB3.9 million as of December 31, 2025 resulting from the repayment made during the year. Amounts due from related parties are non-trade related and represent short-term loans to Dr. Zhang, which had been fully repaid as of the Latest Practicable Date.

Prepayments to suppliers in relation to products and services procurement decreased from RMB0.3 million as of December 31, 2024 to RMB0.1 million as of December 31, 2025, as we purchased less raw materials for R&D purposes.

Deposits mainly include rental deposits for our leased properties. Deposits remained stable at RMB0.5 million as of December 31, 2024 and December 31, 2025.

Other current assets mainly include deferred **[REDACTED]** expenses. Other current assets amounted to nil and RMB1.1 million as of December 31, 2024 and December 31, 2025, respectively.

Value-added tax recoverable increased from RMB473 thousand as of December 31, 2024 to RMB823 thousand as of December 31, 2025, primarily due to our business growth.

As of February 28, 2026, RMB0.1 million, or 1.8% of our prepayments and other receivables as of December 31, 2025, had been subsequently settled.

Trade Payables

Our trade payables primarily represent amounts payables to suppliers. Our trade payables increased from RMB261 thousand as of December 31, 2024 to RMB721 thousand as of December 31, 2025.

The following table sets forth the turnover days of our trade payables for the periods indicated.

	For the year ended December 31,	
	2024	**2025**
Trade payable turnover days[(1)]	46	53

(1) Calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in relevant period by cost of revenue for the relevant period and multiplying by 365 days for the full-year period.

Our trade payable turnover days remained relatively stable at 46 and 53 in 2024 and 2025, respectively.

As of February 28, 2026, RMB223 thousand, or 31.0% of our trade payables as of December 31, 2025 had been subsequently settled.

The following table sets forth an aging analysis of trade payables presented based on the invoice dates as of the dates indicated.

	As of December 31,	
	2024	**2025**
	RMB'000	
Within 6 months	138	710
6 to 12 months	51	11
1 to 2 years	58	–
Over 2 years	14	–
Total	**261**	**721**

Other Payables

Our other payables consist of (i) staff salaries and welfare payables, (ii) accrued expenses, (iii) deposits, (iv) other taxes payable, and (v) other miscellaneous payables and accruals. The following table sets forth the details of our other payables as of the dates indicated.

	As of December 31,	
	2024	2025
	RMB'000	
Staff salaries and welfare payables	2,046	2,011
Accrued expenses	284	864
Deposits	116	2,300
Other taxes payable	139	101
Others	486	625
Total	**3,071**	**5,901**

Deposits primarily include deposits from customers. Deposits increased from RMB0.1 million as of December 31, 2024 to RMB2.3 million as of December 31, 2025, primarily due to the increase in deposits received from certain new customers.

As of February 28, 2026, RMB2.6 million, or 43.4% of our other payables as of December 31, 2025, had been subsequently settled.

Contract Liabilities

Our contract liabilities represent the advance payments made by customers when the underlying services or goods are yet to be provided.

Our contract liabilities remained relatively stable at RMB2.4 million and RMB2.5 million as of December 31, 2024 and 2025, respectively.

As of February 28, 2026, RMB0.1 million, or 4.3% of our contract liabilities as of December 31, 2025, had been recognized as revenue.

Redemption Liabilities to Financial Investors

Our redemption liabilities to financial investors represent the paid-in capital of our Company with certain preferred rights. Our redemption liabilities to financial investors decreased from RMB272.6 million as of December 31, 2024 to nil as of December 31, 2025 as the redemption liabilities were derecognized upon the termination of the special rights pursuant to a termination agreement dated May 8, 2025 and was reclassified to equity. For details on our redemption liabilities to financial investors, please refer to "History, Development and Corporate Structure – **[REDACTED]** Investments".

Our redemption liabilities to financial investors are recognized as financial liabilities and are initially measured at fair value and subsequently measured at amortized cost. The fair value for initial recognition represents the present value of the amount expected to be paid to the investors upon redemption which is assumed at the dates of issuance of the financial instruments. Please refer to note 22 to the historical financial information for the Track Record Period as set out in the Accountant's Report in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

	As of December 31,		As of February 28,
	2024	**2025**	**2026**
		(RMB'000)	(unaudited)
Current assets			
Cash and cash equivalents	39,092	54,713	69,964
Trade receivables	874	6,678	6,442
Prepayments and other receivables	27,900	6,400	6,915
Inventories	573	829	1,124
Total current assets	68,439	68,620	84,445
Current liabilities			
Trade payables	261	721	672
Other payables	3,071	5,901	5,424
Contract liabilities	2,356	2,508	2,419
Lease liabilities	1,142	1,175	1,011
Borrowings and interest payables	350	14,750	14,871
Total current liabilities	7,180	25,055	24,397
Net current assets	**61,259**	**43,565**	**60,048**

Our net current assets decreased from RMB61.3 million as of December 31, 2024 to RMB43.6 million as December 31, 2025, primarily due to (i) a decrease of RMB21.5 million in prepayments and other receivables, and (ii) an increase of RMB14.4 million in current borrowings and interest payables, partially offset by (i) an increase of RMB15.6 million in cash and cash equivalents, and (ii) an increase of RMB5.8 million in trade receivables.

Our net current assets increased from RMB43.6 million as December 31, 2025 to RMB60.0 million as of February 28, 2026, primarily due to an increase of RMB15.3 million in cash and cash equivalents.

Working Capital

Our primary uses of cash during the Track Record Period were to fund our research and development, clinical trials, purchase of equipment and raw materials and other operating expenses. During the Track Record Period and up to the Latest Practicable Date, we primarily funded our working capital requirements from borrowings, equity financing and cash generated from our operations. We monitor our uses of cash and cash flows on a regular basis and strive to maintain an optimum liquidity that can meet our working capital needs.

The Directors are of the opinion that, taking into account of the financial resources available to us described below, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, selling and distribution expenses, general and administrative expenses, finance costs and other expenses for at least the next 12 months from the date of this document: (i) our future operating cash flows in respective periods; (ii) cash and cash equivalents; (iii) available bank facilities; and (iv) the estimated **[REDACTED]** from the **[REDACTED]**.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, which includes research and development expenses, and (ii) capital expenditures. We had cash and cash equivalents of RMB54.7 million as of December 31, 2025, and received RMB20 million of **[REDACTED]** investment in January 2026. We estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** after deducting the **[REDACTED]** fees and expenses payable by us in the **[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, which is the **[REDACTED]** of the indicative **[REDACTED]**. Assuming an average cash burn rate going forward of 1.7 times the level in the year ended December 31, 2025, we estimate that our cash and cash equivalents as of December 31, 2025 together with **[REDACTED]** investment subsequently received as mentioned above will be able to maintain our financial viability for 21 months (without considering the estimated **[REDACTED]** from the **[REDACTED]**) or, if we take into account the entire estimated **[REDACTED]** from the **[REDACTED]**, [99] months. We will continue to monitor our cash flows from operations closely and will consider to raise our next round of financing, if needed, with a minimum buffer of 12 months.

Cash Operating Costs

The following table provides key information regarding our cash operating costs for the periods indicated:

	Year ended December 31,	
	2024	**2025**
	(RMB'000)	
R&D costs		
R&D costs for Core Products		
Staff cost	6,394	4,669
Cost of raw materials	665	478
Testing and clinical trial expenses	1,428	1,690
Others	2,008	1,918
R&D costs for other product candidates		
Staff cost	2,706	1,055
Cost of raw materials	243	–
Testing and clinical trial expenses	380	95
Others	1,989	22
Workforce employment	13,989	12,197
Product marketing	328	1,107
Direct production costs	1,189	1,481
Any other significant costs	6,186	13,279
Total	**37,505**	**37,991**

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated:

	For the year ended December 31,	
	2024	2025
	RMB'000	
Operating loss before changes in working capital	(20,504)	(20,090)
Changes in working capital	(3,043)	(3,730)
Interest received	45	14
Net cash used in operating activities	(23,502)	(23,806)
Net cash generated from investing activities	28,424	17,618
Net cash generated from financing activities	8,454	21,811
Net increase in cash and cash equivalents	13,376	15,623
Cash and cash equivalents at beginning of year	25,712	39,092
Effect of foreign exchange rate changes on cash and cash equivalents	4	(2)
Cash and cash equivalents at end of year	**39,092**	**54,713**

Operating Activities

Net cash used in operating activities primarily comprises our loss before tax adjusted by (i) non-cash and non-operating items, and (ii) changes in working capital. We had negative cash flows from our operating activities during the Track Record Period.

In 2025, our net cash used in operating activities was RMB23.8 million. During this year, our operating cash outflows before working capital changes were RMB20.1 million. Our cashflow was further negatively affected by working capital adjustments primarily including an increase in trade, other receivables and prepayments of RMB8.0 million. This was partially offset by an increase in other payables of RMB3.9 million.

In 2024, our net cash used in operating activities was RMB23.5 million. During this year, our operating cash outflows before working capital changes were RMB20.5 million. Our cashflow was further negatively affected by working capital adjustments primarily including (i) an increase in trade, other receivables and prepayments of RMB3.1 million, and (ii) a decrease in trade and other payables of RMB1.7 million. This was partially offset by an increase in contract liabilities of RMB1.6 million.

In view of our net operating cash outflows throughout the Track Record Period, we plan to improve our operating cash flow position by (i) enhancing cost efficiency and managing the growth of expenses; (ii) enhancing revenue growth in the sales of our commercialized products, (iii) rapidly advancing our Core Products and other portfolio product candidates towards commercialization to generate revenue from product sales; and (iv) enhancing working capital management efficiency through our efforts in collecting trade receivables as our business grows.

Investing Activities

In 2025, our net cash generated from investing activities was RMB17.6 million, primarily attributable to (i) proceeds from disposal of financial assets at FVTPL of RMB140.7 million; and (ii) repayment from related parties of RMB17.5 million, partially offset by (i) purchases of financial assets at fair value of RMB140.5 million.

In 2024, our net cash generated from investing activities was RMB28.4 million, primarily attributable to (i) proceeds from settlement of financial assets at FVTPL of RMB240.4 million and (ii) proceeds from settlement of term deposit of RMB15.1 million, partially offset by purchases of financial assets at FVTPL of RMB224.8 million.

Financing Activities

In 2025, our net cash generated from financing activities was RMB21.8 million, primarily attributable to (i) proceeds from bank borrowings of RMB45.5 million, partially offset by repayment of bank borrowings of RMB20.0 million.

In 2024, our net cash generated from financing activities was RMB8.5 million, primarily attributable to proceeds from borrowings of RMB10.0 million, partially offset by lease payments of RMB1.5 million.

INDEBTEDNESS

The following table sets forth the components of our indebtedness as of the dates indicated.

	As of December 31,		As of February 28,
	2024	2025	2026
		RMB'000	(unaudited)
Current			
Lease liabilities	1,142	1,175	1,011
Borrowings and interest payable	350	14,750	14,871
Non-current			
Borrowings	10,000	20,750	20,750
Lease liabilities	1,267	431	216
Total	12,759	37,106	36,848

Borrowings

Borrowings mainly arise from bank borrowings and secured and guaranteed borrowings due to a third party, which are primarily used for our day-to-day operations and to manage our cashflow. As of December 31, 2024 and 2025 and February 28, 2026, our borrowings and interest payable amounted to RMB10.4 million, RMB35.5 million and RMB35.6 million. The RMB10.0 million borrowings as of December 31, 2024 were guaranteed by Wuhan Optics Valley Technology Financing Guarantee Co., Ltd.* (武漢光谷科技融資擔保有限公司), an Independent Third Party, and secured by some of our patents as collateral. Such borrowings were fully repaid in November 2025.

The agreements for borrowings contain standard events of default such as the occurrence of a change of control, bankruptcy and an event that has a material adverse effect. Our Directors confirm that we had no material defaults in payment of borrowings and had not breached any finance covenants thereunder during the Track Record Period and up to the Latest Practicable

Date. Our Directors also confirm that we are not subject to other material covenants under any agreements with respect to any bank loans or other borrowings.

As of the Latest Practicable Date, we had committed but unutilized bank facilities of RMB175 million. Except for incurring additional bank borrowings from time to time in the ordinary course of business, we currently have no material external debt financing plan before or shortly after the **[REDACTED]**.

Lease Liabilities

As of December 31, 2024, 2025 and February 28, 2026, we recorded current and non-current lease liabilities of RMB2.4 million, RMB1.6 million and RMB1.2 million, respectively. Our lease liabilities relate to our leases of office and laboratory. We recognize a lease liability with respect to our leases, except for short term leases and leases of low value assets. Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments), less any lease incentives receivable; and the lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate. The lease liabilities are secured by rental deposits and unguaranteed.

Except as disclosed above and apart from normal trade and other payables, as of February 28, 2026, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or contingent liabilities.

Since February 28, 2026 and up to the date of this document, there has not been any material change in our indebtedness and contingent liabilities, and our Directors confirm that we did not have any external financing plans as of the Latest Practicable Date. Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily related to our purchases of laboratory equipment, computers and electronic equipment and other equipment. We funded our capital expenditure requirements during the Track Record Period mainly from bank loans, equity financing and cash generated from our operations. The following table sets forth the details of our capital expenditure for the periods indicated.

	For the year ended December 31,	
	2024	**2025**
	RMB'000	
Computers and electronic equipment	7	–
Other equipment	28	75
Total	**35**	**75**

We expect that our capital expenditures in 2026 will be approximately RMB500,000, primarily related to purchase of machinery and equipment related to our production and R&D activities. We expect to fund these capital expenditures through a combination of cash generated from our operations, the net **[REDACTED]** received from the **[REDACTED]**, and other financings

CAPITAL COMMITMENTS

As of December 31, 2024 and 2025, we did not have any material capital commitments.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

The following table sets forth outstanding balances with related parties as of the dates indicated.

	As of December 31,	
	2024	**2025**
	RMB'000	
Amounts due from related parties		
Trade related:		
– Wuhan Ainuo Medical Testing Laboratory Co., Ltd.	–	526
– Guangdong Hybribio Biotechnology Co., Ltd. and its subsidiaries	90	–
Credit loss allowance	(3)	(2)
	87	**524**
Non-trade related		
Dr. Zhang	20,886	3,903
Wuhan Weiai	81	–
Wuhan Aiminisen	675	–
Wuhan Changsheng	5,200	–
Credit loss allowance	(244)	(35)
	26,598	**3,868**

Trade balance referred to receivables of sales of goods and the balance is unsecured, interest free and has no fixed terms of repayment. Non-trade balance due from Dr. Zhang represents the principal of loans from the Company and the interests with interest rates at 3% to 4% accrued thereon and the balance was fully settled as of the Latest Practicable Date. The loans were made by our Company to Dr. Zhang for his own investment as our Company was confident in Dr. Zhang's creditworthiness and the terms of the loans were fair and reasonable. Wuhan Weiai, Wuhan Aiminisen and Wuhan Changsheng are our employee incentive platforms controlled by Dr. Zhang. As of August 26, 2025, Wuhan Weiai was beneficially held as to 69% by Dr. Zhang and 31% by Dr. Dong. Wuhan Aiminisen was beneficially held as to 90% by Dr. Zhang and 10% by Dr. Dong. Wuhan Changsheng was beneficially held as to 94% by Dr. Zhang and 6% by Dr. Dong. Pursuant to shareholders' resolutions passed on August 26, 2025, the consideration for the shares held by Wuhan Weiai, Wuhan Aiminisen and Wuhan Changsheng was amended to RMB1 per share. All non-trade receivables from Wuhan Weiai, Wuhan Aiminisen and Wuhan Changsheng were waived on August 26, 2025 accordingly.

We enter into transactions with our related parties from time to time. It is the view of our Directors that the related party transactions discussed above and set out in Note 31 of the Accountant's Report set out in Appendix I to this document were conducted in the ordinary and usual course of business and on normal commercial terms between the relevant parties.

Our Directors are also of the view that our related-party transactions during the Track Record Period would not distort our track record results or make our historical results not indicative of our future performance.

KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the periods indicated:

	As of/for the year ended December 31,	
	2024	2025
Net loss margin(1)	533.7%	317.7%
Current ratio(2)	9.5	2.7
Gearing ratio(3)	N/A	138.0%

(1) Net loss margin represents loss for the period divided by revenue for the same period and multiplied by 100%.

(2) Current ratio represents current assets divided by current liabilities as of the same date.

(3) Gearing ratio represents total indebtedness (including bank borrowings and lease liabilities) divided by total equity as of the same date and multiplied by 100%.

Our net loss margin decreased from 533.7% in 2024 to 317.7% in 2025, as our revenue increased during the Track Record Period.

Our current ratio decreased from 9.5 as of December 31, 2024 to 2.7 as of December 31, 2025, which was primarily due to the increase in our borrowings in 2025.

Gearing ratio was not applicable as of December 31, 2024 as we recorded net liabilities as of December 31, 2024 which was mainly due to redemption liabilities to financial investors. Our gearing ratio amounted to 138.0% as of December 31, 2025.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of market risks, including foreign exchange risk, interest risk, credit risk and liquidity risk as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For further details, including relevant sensitivity analysis, please refer to Note 3 in the Accountant's Report set out in Appendix I to this document.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency, i.e. RMB. Our Company and its primary subsidiaries were incorporated in the PRC and considered RMB as our functional currency.

Our Company has no significant exposure to foreign exchange risk. We will constantly review the economic situation and our foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

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 interest rate risk arises primarily from our interest-bearing cash and cash equivalents, restricted cash, short-term bank term deposits and financial assets at fair value through profit or loss. Cash and cash equivalents bearing interest at variable rates expose us to cash flow interest rate risk. We have not hedged our cash flow or fair value interest rate risk. We regularly review our strategy on interest rate risk management in light of the prevailing market conditions.

For details and the analysis of interest rate risk and the maximum exposure to interest rate risk at the end of each year/period during the Track Record Period, please refer to Notes 3.1 and 17 in the Accountant's Report set out in Appendix I to this document.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to cash and cash equivalents, restricted cash, short-term bank deposits, trade receivables as well as other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet. We expect that there is no significant credit risk associated with cash and cash equivalents since they are mainly deposited with state-owned or reputable financial institutions in the PRC, all of which are high-credit quality financial institutions in relation to which there has been no recent history of default.

For trade receivables, management makes periodic assessments as well as individual assessments on the recoverability based on historical settlement records and past experience and adjusts for forward-looking information. We have applied the IFRS 9 simplified approach for our trade receivables using a lifetime expected loss allowance. Management has assessed that during the Track Record Period, there was no material credit risk inherent in the Group's outstanding balance of trade receivables.

For other receivables and other non-current assets, management has assessed that during the Track Record Period, there had not been a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. Our Group did not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables and other non-current assets was recognized.

For details and the analysis of credit risk and the maximum exposure to credit risk based on our credit policy at the end of each period during the Track Record Period, please refer to Note 3.1 in the Accountant's Report set out in Appendix I to this document.

Liquidity Risk

Our Group aims to maintain sufficient cash and cash equivalents or have available facility through an adequate amount of available financing to meet our daily operating working capital. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

For details and the analysis of liquidity risk and the maximum exposure to liquidity risk at the end of each year/period during the Track Record Period, please refer to Note 3.1 in the Accountant's Report set out in Appendix I to this document.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company did not have any reserves available for distribution to our Shareholders.

DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period. For further details, please refer to Note 28 to in the Accountant's Report set out in Appendix I to this document.

We do not have a fixed dividend distribution ratio. The declaration and payment of any dividends in the future will be determined by our Board and Shareholders and subject to our Articles of Association and the PRC Company Law, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distributions. As advised by our PRC Legal Advisor, no dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital. Our Shareholders may approve, in a general meeting, any declaration of dividends, which must not exceed the amount recommended by our Board.

There can be no assurance that we will be able to declare or distribute any dividend in the amount set forth in any plan to our Board or at all. Furthermore, if we or any of our subsidiaries incur debt on our or its own behalf in the future, the instruments governing the debt may restrict our ability to pay dividends.

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (including **[REDACTED]** commission, assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, which is the **[REDACTED]** of the indicative **[REDACTED]** stated in this document and assuming that the **[REDACTED]** is not exercised), representing approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]**, comprising (i) **[REDACTED]**-related expenses of RMB**[REDACTED]**; and (ii) non-**[REDACTED]**-related expenses of RMB**[REDACTED]**, including (a) fees and expenses of legal advisors and reporting accountants of RMB**[REDACTED]**; and (b) other fees and expenses, of RMB**[REDACTED]**.

During the Track Record Period, we incurred a total of RMB**[REDACTED]** in **[REDACTED]** expenses, among which RMB**[REDACTED]** were recognized in our consolidated statements of profit or loss and other comprehensive income.

We estimate that additional **[REDACTED]** expenses of approximately RMB**[REDACTED]** assuming the **[REDACTED]** is not exercised and based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the **[REDACTED]** of the indicative **[REDACTED]** range) will be incurred by our Company, approximately RMB**[REDACTED]** of which is expected to be charged to our consolidated statements of profit or loss and other comprehensive income, and approximately RMB**[REDACTED]** of which is expected to be accounted for as a deduction from equity upon the **[REDACTED]**. The **[REDACTED]** expenses directly attributable to the issue of shares will be deducted from equity. The **[REDACTED]** expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

For details of our unaudited **[REDACTED]** adjusted consolidated net tangible assets, see Appendix II to this document.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, as far as they are aware, there had been no material adverse change in our financial, trading position or prospects since December 31, 2025 and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountant's Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.