*The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I, together with the accompanying notes. Our consolidated financial statements have 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 Accountants' Report and not merely rely on the information contained in this section.*

*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. 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 2023, 2024 and 2025 refer to the years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.*

## OVERVIEW

We are a leading manufacturing-driven full-lifecycle CDMO in China dedicated to biologics. We ranked second among biologics CDMO companies in China by the number of commercial products in 2025 and ranked third among biologics CDMOs in the field of therapeutic antibody drugs in China by revenue in 2025, according to Frost & Sullivan. We mainly provide CDMO solutions for biologics development and manufacturing, namely (i) process development, (ii) analytical development and validation, (iii) GMP manufacturing, (iv) quality management, and (v) regulatory affairs and CMC support.

We have built an extensive project portfolio and stable customer relationships with customers from major markets such as China, the United States and Europe. As of the Latest Practicable Date, we had provided CDMO services for over 400 projects, covering over 200 drugs and drug candidates, for over 200 customers, including three approved drugs and more than 20 late-stage development projects. We had 18, 16 and 14 major projects with a contract value of not less than RMB8.0 million in 2023, 2024 and 2025, respectively. The total revenue contribution of the major projects was RMB354.5 million, RMB335.2 million and RMB352.8 million in 2023, 2024 and 2025, respectively, accounting for 77.9%, 77.4%, and 72.9% of our total revenue during the same year, respectively.

During the Track Record Period, we generated revenue primarily from CDMO services. Our revenue increased from RMB455.0 million in 2023 to RMB484.2 million in 2025. Our gross loss narrowed over the Track Record Period from RMB33.8 million in 2023 to RMB18.7 million in 2025, with our gross loss margin improving from 7.4% to 3.9% during the same period.

## BASIS OF PREPARATION

We have prepared our historical financial information based on the accounting policies set out in Note 2 to the Accountants' Report included in Appendix I to this document, which conform with IFRS Accounting Standards.

## MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, including the following:

### Growth of the Biologics CDMO Market and Outsourcing Penetration

Our business and results of operations are driven by demand for outsourced development and manufacturing services for large-molecule biologics, which in turn depends on the continued growth of the biologics market and the increasing outsourcing needs of biotechnology and pharmaceutical companies. According to Frost & Sullivan, the biologics CDMO market in China and globally has continued to expand, driven by the increasing number of biologics drug candidates in development, the growing complexity of manufacturing processes, rising regulatory requirements and increasing demand for cost-efficient and reliable outsourcing partners.

As a biologics-focused CDMO with integrated capabilities spanning process development, analytical development and validation, clinical manufacturing and quality management, we have benefited from these industry trends. We believe our results of operations will continue to be affected by overall market growth of the biologics market, outsourcing penetration rates and customers' budget allocation to external service providers.

### Growth in Our Project Portfolio and Customer Base

Our business and results of operations depend on our ability to obtain new projects from existing customers and to expand our customer base. Maintaining a robust project portfolio is critical to our long-term growth, as our revenue visibility and future commercial opportunities are closely linked to the number, stage and quality of our ongoing projects. As projects advance into late-stage clinical development and commercialization, the typical contract value and revenue contribution per project increase significantly, and our revenue visibility improves as these projects involve larger-scale, longer-duration manufacturing campaigns with milestone-based billing structures.

Our ability to secure new projects and customers is affected by a number of factors, including our technical capabilities, quality management and regulatory compliance track record, manufacturing capacity, project execution capability, pricing and market reputation. During the Track Record Period, we continued to expand our project portfolio and customer base. In 2023, 2024 and 2025, we had 122, 163 and 197 projects, respectively. As of the Latest Practicable Date, we had provided CDMO services for over 400 projects, covering over 200 drugs and drug candidates, for over 200 customers, including three approved drugs and more than 20 late-stage development projects. In addition, revenue from our five largest customers accounted for 49.3%, 40.5% and 55.8% of our total revenue in 2023, 2024 and 2025, respectively.

Our future results of operations will therefore be affected by our ability to continue attracting new customers, deepening cooperation with existing customers, increasing repeat business, and converting early-stage and clinical-stage projects into later-stage and commercial manufacturing opportunities.

**Success, Progression and Service Mix of Our Projects**

Our financial performance is significantly affected by the success of customers' drug candidates as they progress through the development lifecycle and by the mix of services we provide across our projects. We generally enter into fee-for-service arrangements under which the scope, pricing, duration and timing of revenue recognition vary from project to project. As a result, our revenue in any particular period depends on the number of projects undertaken, the development stages reached, the volume and type of services required, and the timing of customer acceptance, delivery or the achievement of other contractual milestones.

Projects at different stages generally have different revenue scales, cost structures and margin profiles. Early-stage development projects typically involve smaller contract values and shorter execution periods, while late-stage development projects and commercialization projects often involve larger order volumes, longer execution periods, more complex quality and regulatory requirements, and potentially greater revenue contribution. During the Track Record Period, we had 10, 16 and 24 late-stage development projects in 2023, 2024 and 2025, respectively, and commercialization projects increased from one in 2023 to two in 2025.

As more projects advance into late-stage clinical development and commercialization, we expect the typical contract value and revenue contribution per project to generally increase. In particular, commercialization projects generally involve larger order quantities, higher demand visibility, more recurring production schedules and, in many cases, more favorable margin profiles than development-stage projects. Once a product enters commercial supply, production planning is typically more predictable, which facilitates more efficient capacity allocation and stronger absorption of fixed costs. During the Track Record Period, we had one, one and two commercialization projects in 2023, 2024 and 2025, respectively. The relatively limited number of commercialization projects in 2023 and 2024 constrained the contribution of recurring, higher-volume commercial revenue to our overall revenue mix and cost absorption. In 2025, as the number of commercialization projects increased, our capacity utilization and gross loss improved accordingly.

At the same time, project delays, suspensions, terminations, changes in regulatory timing or customer demand may affect our service schedule and therefore our revenue recognition in a given period. Accordingly, changes in the stage composition and service mix of our project portfolio may materially affect our results of operations and period-to-period comparability.

**Utilization of Our Manufacturing Capacity and Production Scheduling Efficiency**

Our profitability is affected by the utilization of our manufacturing facilities and manufacturing lines. We have made substantial investments in manufacturing infrastructure, quality systems and technical personnel to support our long-term growth. As a result, our cost structure includes a significant fixed-cost component, including depreciation, facility-related operating costs, quality-related expenses and personnel costs. The extent to which these fixed costs can be absorbed depends substantially on our capacity utilization and production scheduling efficiency.

During the Track Record Period, the utilization rates of certain of our manufacturing lines were affected by project stage mix, campaign scheduling and, in 2024, the temporary suspension of manufacturing operations at one of our production sites. During such periods of lower-than-normal utilization, a significant portion of our fixed manufacturing overhead, including depreciation, facility maintenance, utilities and quality system operating costs, could not be absorbed through normal inventory costing and was charged directly to cost of sales, adversely affecting our gross loss margin.

Our future results of operations will therefore depend in part on our ability to improve production capacity utilization, optimize campaign planning, reduce idle time and increase scheduling flexibility, particularly as more of our late-stage projects transition into recurring and stable commercial supply.

**Pricing Strategy and Competitive Landscape**

Pricing is an important factor affecting our revenue and profitability. We generally determine pricing under our fee-for-service model through a two-step quotation process. First, we estimate project costs, which primarily include labor, materials and outsourcing costs. We then determine the quoted price with reference to market conditions, including customer type, project complexity, competitors' pricing, the commercial potential of the underlying product, regulatory requirements and our market positioning, while generally ensuring that the quoted price exceeds our internal cost threshold.

Our ability to maintain or improve pricing depends on a number of factors, including market demand, competitive intensity, service quality, delivery record, regulatory compliance, customer relationship and available capacity. Increased pricing pressure from existing or new competitors, particularly in a softer market environment or for earlier-stage projects, may adversely affect our revenue growth and margins. Conversely, our differentiated platform technologies, quality track record and late-stage and commercial manufacturing capabilities may support more favorable pricing for certain project categories.

**Cost Management and Changes in Cost Structure**

Our ability to effectively manage costs directly affects our profitability. Our cost of sales primarily consists of direct labor costs, raw material and consumables costs, manufacturing overhead, outsourcing expenses, depreciation and quality-related operating costs. Our operating expenses primarily consist of research and development expenses, administrative expenses and selling expenses.

Our cost structure is influenced by a number of factors, including the procurement or production costs of key raw materials, outsourcing needs, facility expansion, depreciation of equipment, quality system maintenance and R&D investment. During the Track Record Period, we incurred significant fixed costs in connection with our manufacturing capacity expansion, technical platform development and quality system operations. To the extent that our revenue growth or project progression does not keep pace with the increase in such costs, our margins and profitability may be adversely affected.

In addition, certain key raw materials and consumables used in biologics development and manufacturing may be subject to fluctuations in both market availability and pricing. Our ability to localize procurement, improve process efficiency and optimize supply chain management may therefore affect our future cost profile and results of operations.

## MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of the historical financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgment or complexity include: (i) revenue recognition, particularly the identification of performance obligations and determination of the timing of revenue recognition for CDMO contracts with milestone-based billing arrangements; (ii) provision of ECL for trade receivables and contract assets; (iii) estimated impairment of property, plant and equipment, intangible assets and right-of-use assets; and (iv) recognition and measurement of deferred tax assets. Actual results may differ from these estimates.

Details of our material accounting policies, estimates and accounting judgements, which are important for understanding our financial condition and operating results, are set forth in Note 4 to the Accountants' Report included in Appendix I to this document.

## DESCRIPTION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth selected items of our consolidated statements of profit or loss in absolute amounts and as a percentage of our total revenue for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Revenue | 454,983 | 100.0 | 433,304 | 100.0 | 484,170 | 100.0 |
| Cost of sales | (488,811) | (107.4) | (498,574) | (115.1) | (502,852) | (103.9) |
| **Gross loss** | **(33,828)** | **(7.4)** | **(65,270)** | **(15.1)** | **(18,682)** | **(3.9)** |
| Other income | 12,908 | 2.8 | 8,803 | 2.0 | 19,558 | 4.0 |
| Other gains and losses, net | 2,708 | 0.6 | 2,921 | 0.7 | 30,169 | 6.2 |
| Research and development expenses | (57,859) | (12.7) | (37,102) | (8.6) | (45,915) | (9.5) |
| Administrative expenses | (57,439) | (12.6) | (36,086) | (8.3) | (35,462) | (7.3) |
| Selling expenses | (13,534) | (3.0) | (12,689) | (2.9) | (15,476) | (3.2) |
| Impairment losses (including reversals of impairment losses or impairment gains) on financial assets and other items | (8,276) | (1.8) | (10,804) | (2.5) | (9,928) | (2.1) |
| Finance costs | (110,624) | (24.3) | (139,105) | (32.1) | (139,722) | (28.9) |
| Share of results of an associate | — | — | * | 0.0 | * | 0.0 |
| Gain (loss) on disposal of a subsidiary | 95,797 | 21.1 | (3,803) | (0.9) | — | — |
| Loss before tax | (170,147) | (37.3) | (293,135) | (67.7) | (215,458) | (44.7) |
| Income tax credit | 2,335 | 0.5 | 2,256 | 0.5 | — | — |
| **Loss and total comprehensive expense for the year** | **(167,812)** | **(36.8)** | **(290,879)** | **(67.2)** | **(215,458)** | **(44.7)** |

* Less than RMB1,000

## Non-IFRS Measures

Our consolidated financial information was prepared in accordance with IFRS Accounting Standards. To supplement our consolidated results which were prepared and presented in accordance with IFRS Accounting Standards, we use adjusted net loss and EBITDA as additional financial measures, which are not required by, or presented in accordance with, IFRS Accounting Standards.

We believe that these measures facilitate comparisons of operating performance from period to period by eliminating the potential impact of certain items. The use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRS Accounting Standards. In addition, these non-IFRS measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

We define adjusted net loss as loss for the year adjusted by adding back interest on redemption liabilities. Interest on redemption liabilities represented finance costs recognized in relation to redemption liabilities arising from investments from investors with preferred rights. Such redemption liabilities were measured at amortized cost using the effective interest method, and the related interest expenses were recognized as finance costs.

The following table sets forth a reconciliation of our adjusted net loss for 2023, 2024 and 2025.

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Loss for the year** | **(167,812)** | **(290,879)** | **(215,458)** |
| Add | | | |
| Interest on redemption liabilities | 69,940 | 90,847 | 98,480 |
| **Adjusted net loss** | **(97,872)** | **(200,032)** | **(116,978)** |

We define EBITDA as loss for the year adjusted for income tax credit, finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of intangible assets, in each case to the extent recognized in profit or loss. During the Track Record Period, we did not recognize any **[REDACTED]** or share-based payment compensation, and accordingly no further adjustment was made to EBITDA.

The following table sets forth a reconciliation of our EBITDA for 2023, 2024 and 2025.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Loss for the year** | **(167,812)** | **(290,879)** | **(215,458)** |
| Add | | | |
| Income tax credit | (2,335) | (2,256) | — |
| Finance costs | 110,624 | 139,105 | 139,722 |
| Depreciation and amortization expenses recognized in profit or loss | 100,048 | 132,278 | 123,329 |
| **EBITDA** | **40,525** | **(21,752)** | **47,593** |

**Revenue**

During the Track Record Period, we generated substantially all our revenue from CDMO services. The following table sets forth a breakdown of our revenue by business segment, in absolute amounts and as a percentage of our total revenue, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| CDMO services | 419,114 | 92.1 | 424,701 | 98.0 | 481,862 | 99.5 |
| Others[1] | 35,869 | 7.9 | 8,603 | 2.0 | 2,308 | 0.5 |
| **Total** | **454,983** | **100.0** | **433,304** | **100.0** | **484,170** | **100.0** |

*Note:*

(1) Other revenue was primarily generated from the sales of biologics supplies.

***Revenue by Project Development Stage***

During the Track Record Period, we generated revenue from projects at different development stages, which can be categorized into (i) pre-Investigational New Drug (Pre-IND) projects, and (ii) post-Investigational New Drug (Post-IND) projects, primarily covering clinical, BLA and commercialization stage projects. The following table sets forth a breakdown of our revenue by stage for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| **Pre-IND** | **224,281** | **49.3** | **200,913** | **46.4** | **116,552** | **24.1** |
| **Post-IND** | | | | | | |
| Early-stage development (Phase I & II) | 96,157 | 21.1 | 57,646 | 13.3 | 113,519 | 23.4 |
| Late-stage development (Phase III & BLA) | 98,676 | 21.7 | 166,142 | 38.3 | 176,708 | 36.5 |
| Commercialization | — | — | — | — | 75,083 | 15.5 |
| **Others** | **35,869** | **7.9** | **8,603** | **2.0** | **2,308** | **0.5** |
| **Total** | **454,983** | **100.0** | **433,304** | **100.0** | **484,170** | **100.0** |

### Cost of Sales

Our cost of sales primarily consists of: (i) production costs and overheads; (ii) labor costs, including salaries, bonuses and social security expenses for our staff; (iii) cost of raw materials; (iv) depreciation of property, plant and equipment and amortization of intangible assets and software; and (v) other costs that primarily comprise logistics and insurance fees.

The following table sets forth the breakdown of our cost of sales by nature, in absolute amounts and as a percentage of our total cost of sales, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Indirect production costs and overheads | 138,216 | 28.3 | 115,237 | 23.1 | 110,216 | 21.9 |
| Direct labor costs | 58,992 | 12.1 | 70,974 | 14.2 | 72,681 | 14.5 |
| Cost of raw materials | 176,099 | 36.0 | 146,947 | 29.5 | 173,172 | 34.4 |
| Depreciation and amortization | 86,913 | 17.8 | 106,334 | 21.3 | 108,054 | 21.5 |
| Others | 28,591 | 5.8 | 59,082 | 11.9 | 38,729 | 7.7 |
| **Total** | **488,811** | **100.0** | **498,574** | **100.0** | **502,852** | **100.0** |

### Gross Loss and Gross Loss Margin

Our gross loss was RMB33.8 million, RMB65.3 million and RMB18.7 million for the years ended December 31, 2023, 2024 and 2025, respectively, representing a gross loss margin of 7.4%, 15.1% and 3.9% for the respective periods. The increase in gross loss margin in 2024 was primarily due to a decrease in revenue, while the improvement in 2025 reflected increased revenue contribution during the year.

### Other Income

Other income primarily comprises: (i) government grants; (ii) interest income on consideration receivables; and (iii) interest income on bank balances and restricted bank deposits.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Government grants[1] | 8,985 | 69.6 | 2,228 | 25.3 | 14,939 | 76.4 |
| Interest income on consideration receivables | — | — | 2,588 | 29.4 | 2,550 | 13.0 |
| Interest income on bank balances and restricted bank deposits | 2,707 | 21.0 | 3,653 | 41.5 | 2,069 | 10.6 |
| Others | 1,216 | 9.4 | 334 | 3.8 | — | — |
| **Total** | **12,908** | **100.0** | **8,803** | **100.0** | **19,558** | **100.0** |

*Note:*

1. Government grants primarily represent subsidies received from PRC governmental authorities pursuant to investment promotion agreements with no unfulfilled conditions or contingencies attached.

### Other Gains and Losses, Net

Our net other gains and losses primarily include fair value gains on financial assets at FVTPL, net foreign exchange gain or loss, and gains or losses on disposal of property, plant and equipment. We recorded net other gains of RMB2.7 million, RMB2.9 million and RMB30.2 million for the years ended December 31, 2023, 2024 and 2025, respectively.

### Research and Development Expenses

Our research and development expenses primarily consist of: (i) labor costs, including salaries, bonuses and social security expenses for our R&D personnel; (ii) material costs, primarily comprising consumables and reagents used in process and technology development; (iii) depreciation and amortization, comprising depreciation of R&D-related equipment and facilities and amortization of relevant intangible assets and software; and (iv) licensing fee.

The table below sets forth a breakdown of our research and development expenses, in absolute amounts and as a percentage of our total research and development expenses, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Labor costs | 15,781 | 27.3 | 16,491 | 44.4 | 21,972 | 47.8 |
| Material costs | 15,251 | 26.4 | 15,788 | 42.6 | 14,647 | 31.9 |
| Depreciation and amortization | 2,796 | 4.8 | 2,876 | 7.8 | 5,636 | 12.3 |
| Licensing fee[1] | 18,869 | 32.6 | — | — | — | — |
| Others[2] | 5,162 | 8.9 | 1,947 | 5.2 | 3,660 | 8.0 |
| **Total** | **57,859** | **100.0** | **37,102** | **100.0** | **45,915** | **100.0** |

*Notes:*

1. Mainly comprise non-recurring fees incurred for the in-licensing of conjugation technology.

2. Others primarily consist of maintenance, testing and miscellaneous fees.

### Administrative Expenses

Our administrative expenses primarily consist of: (i) labor costs, including salaries, bonuses and social security expenses for our administrative personnel; (ii) depreciation and amortization of facilities for administrative use; (iii) professional service fees for legal, consulting and auditing services and subsidiary setup fees; (iv) traveling expenses incurred by our staff.

The following table sets forth the breakdown of our administrative expenses, in absolute amounts and as a percentage of our total administrative expenses, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Labor costs | 20,579 | 35.8 | 18,396 | 51.0 | 18,688 | 52.7 |
| Depreciation and amortization | 7,044 | 12.3 | 5,736 | 15.9 | 5,955 | 16.8 |
| Professional service fees and subsidiary setup fees | 24,462 | 42.6 | 5,825 | 16.1 | 5,264 | 14.9 |
| Traveling expenses | 479 | 0.8 | 619 | 1.7 | 411 | 1.2 |
| Others | 4,875 | 8.5 | 5,510 | 15.3 | 5,144 | 14.4 |
| **Total** | **57,439** | **100.0** | **36,086** | **100.0** | **35,462** | **100.0** |

### Selling Expenses

Our selling expenses primarily consist of: (i) labor costs for business development and marketing personnel, including salaries, bonuses, social security contributions and other benefits; (ii) marketing and business development expenses incurred for promotional materials and client engagement activities; (iii) office, logistics and travel-related expenses related to client visits and business development activities; and (iv) depreciation and amortization.

The following table sets forth the breakdown of our selling expenses, in absolute amounts and as a percentage of our total selling expenses, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | *RMB'000* | *%* | *RMB'000* | *%* | *RMB'000* | *%* |
| Labor costs | 6,707 | 49.6 | 7,247 | 57.1 | 9,771 | 63.1 |
| Marketing and business development expenses | 5,060 | 37.4 | 4,130 | 32.5 | 4,330 | 28.0 |
| Office, logistics and travel-related expenses | 565 | 4.2 | 524 | 4.1 | 558 | 3.6 |
| Depreciation and amortization | 128 | 0.9 | 261 | 2.1 | 156 | 1.0 |
| Others | 1,074 | 7.9 | 527 | 4.2 | 661 | 4.3 |
| **Total** | **13,534** | **100.0** | **12,689** | **100.0** | **15,476** | **100.0** |

### Impairment Losses (including Reversals of Impairment Losses or Impairment Gains) on Financial Assets and Other Items

Our impairment losses on financial assets and other items primarily represent expected credit losses recognized on trade receivables and contract assets arising from our service provision. Such impairment losses amounted to RMB8.3 million, RMB10.8 million and RMB9.9 million in 2023, 2024 and 2025, respectively.

### Finance Costs

The following table sets forth a breakdown of our finance costs, in absolute amounts and as a percentage of our total finance costs, for the years indicated.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | **2023** | | **2024** | | **2025** | |
| | *RMB'000* | % | *RMB'000* | % | *RMB'000* | % |
| Interest on redemption liabilities | 69,940 | 63.3 | 90,847 | 65.3 | 98,480 | 70.5 |
| Interest on borrowings | 44,266 | 40.0 | 46,408 | 33.4 | 39,983 | 28.6 |
| Interest on lease liabilities | 2,795 | 2.5 | 1,850 | 1.3 | 1,259 | 0.9 |
| | 117,001 | 105.8 | 139,105 | 100.0 | 139,722 | 100.0 |
| Less: capitalized in property, plant and equipment | (6,377) | (5.8) | — | — | — | — |
| **Total** | **110,624** | **100.0** | **139,105** | **100.0** | **139,722** | **100.0** |

### Share of Results of an Associate

We recorded share of results of an associate of nil in 2023, and less than RMB1,000 in each of 2024 and 2025, primarily as a result of our share of profit or loss of Quzhou Intellective Kaitu Biotechnology Co., Ltd. ("**Quzhou Intellective**"), the financial impact of which was insignificant during the Track Record Period.

### Gain (Loss) on Disposal of a Subsidiary

During the Track Record Period, our gain or loss on disposal of a subsidiary mainly represented: (i) a gain of RMB95.8 million recognized in 2023 in connection with the disposal of Changshu Yudeyang in December 2023; and (ii) a loss of RMB3.8 million recognized in 2024 in connection with the disposal of Xiangcheng Yudeyang in September 2024.

### Income Tax Credits

We recorded income tax credits of RMB2.3 million, RMB2.3 million and nil in 2023, 2024 and 2025, respectively. We were accredited as a "High and New Technology Enterprise" by the relevant authorities on November 30, 2024. As a result, we are eligible for a preferential enterprise income tax (EIT) rate of 15% for a three-year period commencing from the year of accreditation, subject to compliance with applicable conditions and ongoing requirements. Accordingly, the applicable EIT rate for us was 15% during the Track Record Period. As of the Latest Practicable Date, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our subsidiaries are incorporated and operate. Our principal applicable taxes and tax rates are set forth as follows:

***PRC.*** Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, except for the preferential treatments available to certain subsidiaries, other subsidiaries within our Group operating in the PRC are subject to the EIT Law at the statutory rate of 25.0% during the Track Record Period.

***Hong Kong.*** Our subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 during the Track Record Period.

### Loss and Total Comprehensive Expense for the Year

As a result of the foregoing, we recorded loss and total comprehensive expense for the year of RMB167.8 million, RMB290.9 million and RMB215.5 million in 2023, 2024 and 2025, respectively.

## YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

### Year Ended December 31, 2025 Compared to Year Ended December 31, 2024

#### *Revenue*

Our revenue increased by 11.7% from RMB433.3 million in 2024 to RMB484.2 million in 2025. This increase was primarily due to (i) the growing demand for our CDMO services, particularly late-stage clinical development services; and (ii) the increase in commercial manufacturing revenue as certain ongoing projects advanced to commercial supply stage.

*CDMO Services*

Our revenue from CDMO services increased by 13.5% from RMB424.7 million in 2024 to RMB481.9 million in 2025, primarily due to (i) the advancement of certain projects into later development stages, as evidenced by the increase of Post-IND projects, which generally involve broader work scopes and higher contract values thereby contributing to the overall increase in revenue; and (ii) the increase in commercial manufacturing revenue as the number of commercialization projects increased.

*Others*

Revenue from others, which mainly represents sales of other biologics supplies, decreased by 73.3% from RMB8.6 million in 2024 to RMB2.3 million in 2025, reflecting the project-driven nature of such sales.

#### *Cost of Sales*

Our cost of sales remained relatively stable at RMB498.6 million in 2024 and RMB502.9 million in 2025.

***Gross Loss and Gross Loss Margin***

Our gross loss narrowed by RMB46.6 million from RMB65.3 million in 2024 to RMB18.7 million in 2025, and our gross loss margin narrowed from 15.1% in 2024 to 3.9% in 2025, primarily attributable to the increase in revenue of RMB50.9 million during the same period.

***Other Income***

Our other income increased by 122.7% from RMB8.8 million in 2024 to RMB19.6 million in 2025, primarily due to an increase in government grants received from RMB2.2 million in 2024 to RMB14.9 million in 2025.

***Other Gains and Losses, Net***

Our net other gains increased by 941.4% from RMB2.9 million in 2024 to RMB30.2 million in 2025, primarily attributable to gain on fair value changes of financial assets at FVTPL, mainly relating to fair value appreciation of our equity investments, and gain recognized on termination of leases, partially offset by losses on disposal of property, plant and equipment and net foreign exchange losses.

***Research and Development Expenses***

Our research and development expenses increased by 23.7% from RMB37.1 million in 2024 to RMB45.9 million in 2025, primarily due to increases in labor costs and depreciation and amortization expenses associated with our research and development activities, partially offset by a decrease in material costs.

***Administrative Expenses***

Our administrative expenses remained relatively stable at RMB36.1 million in 2024 and RMB35.5 million in 2025.

***Selling Expenses***

Our selling expenses increased by 22.0% from RMB12.7 million in 2024 to RMB15.5 million in 2025, primarily due to an increase in labor costs for our sales personnel.

***Impairment Losses (including Reversals of Impairment Losses or Impairment Gains) on Financial Assets and Other Items***

Our impairment losses on financial assets and other items decreased by 8.3% from RMB10.8 million in 2024 to RMB9.9 million in 2025, primarily due to increased collections of long-aged trade receivables and contract assets.

***Finance Costs***

Our finance costs remained relatively stable at RMB139.1 million in 2024 and RMB139.7 million in 2025.

***Loss on Disposal of a Subsidiary***

We recorded a loss on disposal of a subsidiary of RMB3.8 million in 2024 in connection with the full disposal of our equity interest in Xiangcheng Yudeyang in September 2024, while no gain or loss on disposal of a subsidiary was recognized in 2025.

***Income Tax Credits***

We recognized income tax credits of RMB2.3 million in 2024, primarily representing deferred tax credits arising from the recognition of deferred tax assets on deductible temporary differences. No income tax credit was recognized in 2025, as no additional deferred tax assets were recognized during the year.

***Loss and Total Comprehensive Expense for the Year***

As a result of the foregoing, our loss and total comprehensive expense for the year decreased by 25.9% from RMB290.9 million in 2024 to RMB215.5 million in 2025.

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

***Revenue***

Our revenue decreased by 4.8% from RMB455.0 million in 2023 to RMB433.3 million in 2024, primarily due to decreases in revenue from both CDMO services and others.

*CDMO Services*

Revenue from CDMO services increased from RMB419.1 million in 2023 to RMB424.7 million in 2024, which was in line with our business growth.

*Others*

Revenue from others decreased from RMB35.9 million in 2023 to RMB8.6 million in 2024, reflecting the project-driven nature of such business.

***Cost of Sales***

Our cost of sales remained relatively stable at RMB488.8 million in 2023 and RMB498.6 million in 2024.

***Gross Loss and Gross Loss Margin***

Our gross loss increased from RMB33.8 million in 2023 to RMB65.3 million in 2024, and our gross loss margin increased from 7.4% to 15.1%, primarily due to the decrease in revenue during the same period.

***Other Income***

Our other income decreased by 31.8% from RMB12.9 million in 2023 to RMB8.8 million in 2024, primarily due to a decrease in government grants, partially offset by the recognition of interest income on deferred receivables.

***Other Gains and Losses, Net***

Our net other gains remained relatively stable at RMB2.7 million in 2023 and RMB2.9 million in 2024.

***Research and Development Expenses***

Our research and development expenses decreased by 35.9% from RMB57.9 million in 2023 to RMB37.1 million in 2024, primarily due to the recognition of a non-recurring licensing fee in 2023.

***Administrative Expenses***

Our administrative expenses decreased by 37.1% from RMB57.4 million in 2023 to RMB36.1 million in 2024, primarily due to decreases in professional service fees and staff headcount following the disposal of a subsidiary.

***Selling Expenses***

Our selling expenses decreased by 5.9% from RMB13.5 million in 2023 to RMB12.7 million in 2024, primarily due to decreases in marketing and business development expenses and other selling expenses, resulting from reduced marketing activities.

***Impairment Losses (including Reversals of Impairment Losses or Impairment Gains) on Financial Assets and Other Items***

Our impairment losses on financial assets and other items increased by 30.1% from RMB8.3 million in 2023 to RMB10.8 million in 2024, primarily due to slower collections of trade receivables and contract assets.

***Finance Costs***

Our finance costs increased by 25.8% from RMB110.6 million in 2023 to RMB139.1 million in 2024, primarily due to an increase in interest on redemption liabilities following capital contributions from investors with preferred rights in 2024.

***Gain (Loss) on Disposal of a Subsidiary***

We recorded a loss on disposal of a subsidiary of RMB3.8 million in 2024, in connection with the disposal of Xiangcheng Yudeyang in September 2024, compared to a gain on disposal of a subsidiary of RMB95.8 million in 2023, in connection with the disposal of Changshu Yudeyang in December 2023.

***Income Tax Credits***

We recorded income tax credits of RMB2.3 million in 2023 and RMB2.3 million in 2024, respectively.

***Loss and Total Comprehensive Expense for the Year***

As a result of the foregoing, our loss and total comprehensive expense for the year increased by 73.4% from RMB167.8 million in 2023 to RMB290.9 million in 2024.

## DISCUSSION OF SELECTED ITEMS OF OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Total non-current assets | 1,592,526 | 1,654,590 | 1,641,857 |
| Total current assets | 880,428 | 1,164,104 | 1,360,559 |
| **Total assets** | **2,472,954** | **2,818,694** | **3,002,416** |
| Total non-current liabilities | 643,168 | 986,176 | 1,168,719 |
| Total current liabilities | 2,097,277 | 2,390,888 | 2,602,569 |
| **Total liabilities** | **2,740,445** | **3,377,064** | **3,771,288** |
| **Net liabilities** | **(267,491)** | **(558,370)** | **(768,872)** |
| **Capital and reserves** | | | |
| Paid-in capital | 24,363 | 26,125 | 31,081 |
| Reserves | (291,854) | (584,495) | (799,953) |
| **Total deficit** | **(267,491)** | **(558,370)** | **(768,872)** |

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

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current assets** | | | | |
| Trade receivables | 162,982 | 217,413 | 232,113 | 178,983 |
| Prepayments and other receivables | 124,430 | 158,468 | 137,747 | 160,143 |
| Inventories | 97,491 | 122,109 | 132,830 | 188,115 |
| Contract assets | 59,119 | 117,417 | 151,709 | 149,139 |
| Contract costs | 112,246 | 57,923 | 94,504 | 120,577 |
| Financial assets at fair value through profit or loss ("**FVTPL**") | 55,042 | 103,225 | 52,707 | 245,203 |
| Restricted bank deposits | — | 145,540 | 2,177 | 2,177 |
| Cash and cash equivalents | 269,118 | 242,009 | 556,772 | 344,039 |
| **Total current assets** | **880,428** | **1,164,104** | **1,360,559** | **1,388,376** |
| **Current liabilities** | | | | |
| Trade and other payables | 426,454 | 298,280 | 309,243 | 332,190 |
| Contract liabilities | 113,122 | 105,936 | 193,177 | 244,026 |
| Borrowings | 518,893 | 521,159 | 538,137 | 514,183 |
| Redemption liabilities | 1,028,229 | 1,454,076 | 1,552,556 | 1,585,383 |
| Lease liabilities | 9,630 | 9,488 | 7,507 | 9,915 |
| Deferred income | 949 | 1,949 | 1,949 | 1,949 |
| **Total current liabilities** | **2,097,277** | **2,390,888** | **2,602,569** | **2,687,646** |
| **Net current liabilities** | **(1,216,849)** | **(1,226,784)** | **(1,242,010)** | **(1,299,270)** |

Our net current liabilities increased from RMB1,242.0 million as of December 31, 2025 to RMB1,299.3 million as of April 30, 2026, primarily due to increases in redemption liabilities of RMB32.8 million and contract liabilities of RMB50.8 million, partially offset by an increase in inventories of RMB55.3 million.

Our net current liabilities increased from RMB1,226.8 million as of December 31, 2024 to RMB1,242.0 million as of December 31, 2025, primarily due to an increase in redemption liabilities of RMB98.5 million, an increase in contract liabilities of RMB87.2 million, and a decrease in restricted bank deposits of RMB143.4 million, partially offset by an increase in cash and cash equivalents of RMB314.8 million.

Our net current liabilities remained relatively stable at RMB1,216.8 million as of December 31, 2023 and RMB1,226.8 million as of December 31, 2024. The slight increase was primarily due to an increase in redemption liabilities of RMB425.8 million, partially offset by an increase in restricted bank deposits of RMB145.5 million, an increase in trade receivables of RMB54.4 million and an increase in financial assets at FVTPL of RMB48.2 million.

### Trade Receivables

Our trade receivables represent the outstanding amounts due to us for the CDMO services that we provided to our customers.

The following table sets forth a breakdown of our trade receivables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables from third parties | 169,996 | 223,289 | 253,860 |
| Less: allowance for credit losses | (9,835) | (17,163) | (26,681) |
| Notes receivables | 2,821 | 11,287 | 4,934 |
| **Total** | **162,982** | **217,413** | **232,113** |

Our trade receivables increased from RMB163.0 million as of December 31, 2023 to RMB217.4 million as of December 31, 2024, primarily due to slower collections of trade receivables and contract assets.

Our trade receivables further increased to RMB232.1 million as of December 31, 2025, primarily due to the continued advancement of ongoing CDMO projects and related billings to customers, partially offset by improved collection of certain receivables and a decrease in notes receivables.

The following table sets forth an aging analysis of our trade receivables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 30 days | 39,418 | 59,444 | 83,086 |
| 31 to 90 days | 38,857 | 1,889 | 4,561 |
| 91 to 180 days | 25,030 | 7,657 | 14,589 |
| 181 to 365 days | 24,489 | 24,408 | 17,556 |
| Over 365 days | 32,367 | 112,728 | 107,387 |
| **Total** | **160,161** | **206,126** | **227,179** |

We generally grant our customers credit terms ranging from 30 to 90 days from the date of invoice. The outstanding balances of our trade receivables are non-interest-bearing. We maintain strict credit control policies and procedures to minimize credit risk. Before accepting any new customer, we assess its credit quality and establish a credit limit for that customer. Overdue balances are reviewed regularly by our senior management.

The following table sets forth turnover days of our trade receivables for the years indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | | *(days)* | |
| Trade receivables turnover days* | 93.0 | 160.2 | 169.4 |

*Note:*

* Trade receivables turnover days for each year is calculated as the average balance of trade receivables, derived from the beginning and ending balances of trade receivables for the year, divided by the revenue for the same corresponding year, and then multiplied by 365 days in that year.

Our trade receivables turnover days were 93.0 days, 160.2 days and 169.4 days in 2023, 2024 and 2025, respectively. The increases were primarily attributable to (i) the slower settlement by certain customers of trade receivables that had been outstanding for a prolonged period, and (ii) a change in our revenue mix toward later-stage projects, which generally involve larger contract values and correspondingly longer payment cycles.

As of April 30, 2026, RMB136.6 million, or 53.8%, of our trade receivables as of December 31, 2025 had been subsequently settled.

**Prepayments and Other Receivables**

Our prepayments and other receivables primarily comprise: (i) prepayments for the purchase of materials and services; (ii) prepayments for the purchase of property, plant and equipment; (iii) VAT recoverable; (iv) consideration receivables arising from the disposal of Changshu Yudeyang in December 2023; (v) rental deposits; and (vi) other receivables.

Our prepayments and other receivables increased from RMB124.4 million as of December 31, 2023 to RMB158.5 million as of December 31, 2024, primarily due to increases in prepayments for purchase of materials and services and VAT recoverable, partially offset by decreases in prepayments for purchase of property, plant and equipment and consideration receivables.

Our prepayments and other receivables decreased from RMB158.5 million as of December 31, 2024 to RMB137.7 million as of December 31, 2025, primarily due to decreases in VAT recoverable and consideration receivables, partially offset by increases in prepayments for purchase of materials and services and prepayments for purchase of property, plant and equipment.

**Inventories**

Our inventories comprise: (i) raw materials and consumables used for our CDMO projects; (ii) work in progress; and (iii) finished goods.

The following table sets forth a summary of the balances of our inventories as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials and consumables | 75,803 | 68,032 | 85,129 |
| Work in progress | 2,978 | 21,945 | 20,766 |
| Finished goods | 26,186 | 41,530 | 39,536 |
| | 104,967 | 131,507 | 145,431 |
| Less: write-down of inventories | (7,476) | (9,398) | (12,601) |
| **Total** | **97,491** | **122,109** | **132,830** |

Our inventories increased from RMB97.5 million as of December 31, 2023 to RMB122.1 million as of December 31, 2024, primarily due to increases in work in progress and finished goods, reflecting the advancement of certain ongoing CDMO projects. Our inventories further increased to RMB132.8 million as of December 31, 2025, primarily due to an increase in raw materials and consumables that were procured to support our ongoing and planned CDMO projects.

We maintain inventory management policies and conduct regular physical inventory counts. We also monitor the shelf life and condition of our inventories and make write-downs where appropriate. We recorded write-down of inventories of RMB7.5 million, RMB9.4 million and RMB12.6 million in 2023, 2024 and 2025, respectively.

The following table sets forth turnover days of our inventories for the years indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Inventory turnover days* | 109.4 | 80.4 | 92.5 |

*Note:*

* Inventory turnover days for each year is calculated as the average inventory balance, derived from the beginning and ending inventory balances of the year, divided by the cost of sales for the same corresponding year, and then multiplied by 365 days in that year.

Our inventory turnover days decreased from 109.4 in 2023 to 80.4 in 2024, primarily attributable to the consumption of advance procurement of raw materials. Our inventory turnover days increased from 80.4 in 2024 to 92.5 in 2025, primarily attributable to advance procurement of raw materials for large-scale commercial campaigns scheduled for early 2026.

As of April 30, 2026, RMB84.4 million, or 63.6%, of our inventories as of December 31, 2025 had been subsequently utilized or sold.

**Contract Assets**

A contract asset represents our right to consideration in exchange for goods or services transferred to a customer. If we transfer goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration subject to conditions.

Our contract assets increased from RMB59.1 million as of December 31, 2023 to RMB117.4 million as of December 31, 2024, primarily due to longer turn-over periods. Our contract assets further increased from RMB117.4 million as of December 31, 2024 to RMB151.7 million as of December 31, 2025, primarily due to the increase in revenue recognized for certain ongoing CDMO projects for which the relevant billing milestones had not yet been reached as of the respective years.

**Contract Costs**

Our contract costs primarily represented costs incurred to fulfil our service contracts, mainly including staff costs and material costs. Our current contract costs primarily represented fulfilment costs expected to be recognized in cost of sales within one year based on the progress and expected completion schedule of the relevant contracts. The non-current contract costs represented fulfilment costs expected to be recognized in cost of sales after more than one year.

Our contract costs decreased from RMB148.9 million as of December 31, 2023 to RMB97.2 million as of December 31, 2024, primarily due to the recognition of certain fulfilment costs in cost of sales as the relevant contracts progressed or were completed during the year. Our contract costs increased to RMB132.0 million as of December 31, 2025, primarily due to the increase in fulfilment costs incurred for ongoing contracts as of year-end.

**Financial Assets at FVTPL**

Our financial assets at FVTPL mainly consist of (i) equity securities; and (ii) structured deposits with variable returns.

The following table sets forth a breakdown of our financial assets at FVTPL as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Equity securities | — | 23,000 | 52,705 |
| Structured deposits | 55,042 | 80,225 | 2 |
| **Total** | **55,042** | **103,225** | **52,707** |

Our financial assets at FVTPL increased from RMB55.0 million as of December 31, 2023 to RMB103.2 million as of December 31, 2024, primarily due to the additional purchases of structured deposits during the year. Our financial assets at FVTPL decreased to RMB52.7 million as of December 31, 2025, primarily attributable to the redemption of substantially all of our structured deposits during the year, offset by the fair value gain on our equity securities.

To monitor and control the risks associated with our financial assets, we have adopted a comprehensive internal policies and guidelines. Our capital management department is responsible for proposing, analyzing and evaluating potential investments. Our cash management strategy focuses on minimizing the financial risks. We make investment decisions considering a number of factors, including macro-economic environment, general market conditions, risk profile and credit rating of issuing banks, our own working capital conditions, and the expected return and potential loss of the investments.

**Trade and Other Payables**

Our trade and other payables mainly comprise (i) trade payables for materials and services, (ii) government grants, (iii) payables for property, plant and equipment, (iv) accrued staff costs and benefits, (v) other payables, (vi) borrowing arrangement fee payables, (vii) other tax payables, and (viii) deposits.

The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current:** | | | |
| Payables for property, plant and equipment | 72 | — | — |
| Borrowing arrangement fee payables | — | 20,234 | 18,068 |
| | 72 | 20,234 | 18,068 |
| **Current:** | | | |
| Trade payables for materials and services | 84,935 | 96,227 | 109,500 |
| Accrued staff costs and benefits | 25,966 | 20,413 | 31,765 |
| Payables for property, plant and equipment | 214,621 | 75,478 | 54,411 |
| Government grants | 85,000 | 90,000 | 90,000 |
| Borrowing arrangement fee payables | — | 327 | 685 |
| Other payables | 13,466 | 11,263 | 14,021 |
| Other tax payables | 2,366 | 4,572 | 8,861 |
| Deposits | 100 | — | — |
| | 426,454 | 298,280 | 309,243 |
| **Total** | **426,526** | **318,514** | **327,311** |

Our current trade and other payables decreased from RMB426.5 million as of December 31, 2023 to RMB298.3 million as of December 31, 2024, primarily due to the decrease in payables for property, plant and equipment as we settled certain outstanding payables relating to construction and equipment procurement. Our current trade and other payables increased from RMB298.3 million as of December 31, 2024 to RMB309.2 million as of December 31, 2025, primarily due to increases in trade payables for materials and services and accrued staff costs and benefits, partially offset by a further decrease in payables for property, plant and equipment.

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

| | As of December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 6 months | 35,942 | 56,676 | 78,274 |
| 6 months to 1 year | 28,663 | 13,031 | 15,987 |
| Over 1 year | 20,330 | 26,520 | 15,239 |
| **Total** | **84,935** | **96,227** | **109,500** |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | | *(days)* | |
| Trade payables turnover days* | 66.3 | 66.3 | 74.7 |

*Note:*

* Trade payables turnover days for each year is calculated as the average balance of trade payables, derived from the beginning and ending balances of trade payables for the year, divided by the cost of sales for the same corresponding year, and then multiplied by 365 days in that year.

Our trade payables turnover days were 66.3 days in 2023, 66.3 days in 2024 and 74.7 days in 2025. The increase to 74.7 days in 2025 was primarily due to the increase in the average balance of trade payables, mainly as a result of the slower settlement of payables for materials and services.

As of April 30, 2026, RMB52.5 million, or 36.0%, of our trade payables as of December 31, 2025 had been subsequently settled.

**Contract Liabilities**

Our contract liabilities represented advances from customers and billings in excess of revenue recognized, primarily arising from upfront payments and milestone payments received under our customer contracts.

Our contract liabilities decreased from RMB113.1 million as of December 31, 2023 to RMB105.9 million as of December 31, 2024, primarily due to the recognition of revenue from advances and milestone payments received in prior periods, partially offset by new upfront payments and milestone payments received from customers during the year.

Our contract liabilities increased from RMB105.9 million as of December 31, 2024 to RMB193.2 million as of December 31, 2025, primarily due to the increase in contract liabilities from CDMO services from RMB105.9 million as of December 31, 2024 to RMB164.2 million as of December 31, 2025, as well as contract liabilities of RMB29.0 million from others as of December 31, 2025. Such increase was mainly attributable to upfront payments and milestone payments received from customers under relevant customer contracts, in line with the progress of the relevant projects and agreed payment terms.

As of April 30, 2026, RMB90.1 million, or 46.6% of our contract liabilities outstanding as of December 31, 2025 had been subsequently recognized as revenue.

### Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) owned properties, (ii) plant and machinery, (iii) office equipment and fixtures, (iv) vehicles, (v) leasehold improvements and (vi) construction in progress.

Our property, plant and equipment increased from RMB1,340.1 million as of December 31, 2023 to RMB1,476.7 million as of December 31, 2024, primarily due to additions to construction in progress and transfers from construction in progress to owned properties, plant and machinery and leasehold improvements in connection with our capacity expansion and production facility construction, partially offset by depreciation and disposals during the year.

Our property, plant and equipment increased from RMB1,476.7 million as of December 31, 2024 to RMB1,479.1 million as of December 31, 2025, primarily because additions to construction in progress and transfers from construction in progress to owned properties and plant and machinery upon completion or commissioning of relevant facilities were largely offset by depreciation and disposals during the year.

## LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we primarily relied on bank borrowings, capital contributions from shareholders and cash flows from our business operations as our major sources of liquidity. With respect to cash management, our objective is to maintain sufficient liquidity to support our business operations and capital expenditure requirements while managing financial risks in a prudent manner. Specifically, we have policies in place to monitor and manage the settlement of trade receivables. In determining the credit terms granted to customers, we consider a number of factors, including the customer's credit profile, cooperation history, transaction background and past payment record. To monitor the settlement of our trade receivables and reduce credit risk, we regularly review the aging of trade receivables and payment status of major customers, and follow up on overdue balances where appropriate.

### Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the years indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net cash from (used in) operating activities | 11,139 | (112,003) | 74,739 |
| Net cash (used in) from investing activities | (140,794) | (539,578) | 77,209 |
| Net cash from financing activities | 198,380 | 624,472 | 162,815 |
| Net increase (decrease) in cash and cash equivalents | 68,725 | (27,109) | 314,763 |
| Cash and cash equivalents at the beginning of the year | 200,393 | 269,118 | 242,009 |
| **Cash and cash equivalents at the end of the year** | **269,118** | **242,009** | **556,772** |

***Net Cash from (Used in) Operating Activities***

In 2025, we recorded net cash from operating activities of RMB74.7 million, compared to our loss before tax of RMB215.5 million for the same year. The difference between our loss before tax and our net cash from operating activities for the year was primarily attributable to (i) certain non-cash or non-operating expenses or losses, mainly including depreciation of property, plant and equipment of RMB120.1 million and finance costs of RMB139.7 million; and (ii) changes in certain working capital items, mainly including an increase in contract liabilities of RMB87.2 million and an increase in trade and other payables of RMB81.1 million, which were partially offset by an increase in contract costs of RMB41.3 million and an increase in contract assets of RMB34.7 million.

In 2024, we recorded net cash used in operating activities of RMB112.0 million, compared to our loss before tax of RMB293.1 million for the same year. The difference between our loss before tax and our net cash used in operating activities for the year was primarily attributable to (i) certain non-cash or non-operating expenses or losses, mainly including finance costs of RMB139.1 million and depreciation of property, plant and equipment of RMB115.0 million; and (ii) changes in certain working capital items, which partially offset the foregoing adjustments, mainly comprising an increase in trade and other payables of RMB96.0 million and a decrease in contract costs of RMB48.5 million, partially offset by an increase in prepayments and other receivables of RMB80.7 million, an increase in contract assets of RMB61.8 million and an increase in trade receivables of RMB61.8 million.

In 2023, we recorded net cash from operating activities of RMB11.1 million, compared to our loss before tax of RMB170.1 million for the same year. The difference between our loss before tax and our net cash from operating activities for the year was primarily attributable to (i) certain non-cash or non-operating expenses or losses, mainly including finance costs of RMB110.6 million and depreciation of property, plant and equipment of RMB95.6 million, partially offset by gain on disposal of a subsidiary of RMB95.8 million; and (ii) changes in certain working capital items, mainly comprising a decrease in inventories of RMB132.4 million and an increase in trade and other payables of RMB85.8 million, partially offset by an increase in trade receivables of RMB102.4 million and an increase in contract costs of RMB54.0 million.

***Net Cash Used in Investing Activities***

In 2025, we recorded net cash from investing activities of RMB77.2 million, primarily attributable to proceeds from disposal of financial assets at FVTPL of RMB1,503.2 million, withdrawal of restricted bank deposits of RMB143.4 million, partially offset by purchases of financial assets at FVTPL of RMB1,421.9 million and purchases of property, plant and equipment of RMB195.2 million for the construction and equipping of production facilities.

In 2024, we recorded net cash used in investing activities of RMB539.6 million, primarily attributable to purchases of financial assets at FVTPL of RMB1,475.8 million, purchases of property, plant and equipment of RMB412.2 million for the construction and equipping of production facilities, and placement of restricted bank deposits of RMB145.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,453.0 million and consideration received on disposal of subsidiaries of RMB52.0 million.

In 2023, we recorded net cash used in investing activities of RMB140.8 million, primarily attributable to purchases of financial assets at FVTPL of RMB951.0 million and purchases of property, plant and equipment of RMB258.1 million for the construction and equipping of production facilities, partially offset by proceeds from disposal of financial assets at FVTPL of RMB999.2 million and government grants related to assets of RMB40.0 million.

***Net Cash from Financing Activities***

In 2025, we recorded net cash from financing activities of RMB162.8 million, primarily attributable to net proceeds from borrowings of RMB705.2 million, partially offset by the repayment of borrowings of RMB494.9 million and interest paid of RMB52.2 million.

In 2024, we recorded net cash from financing activities of RMB624.5 million, primarily attributable to net proceeds from borrowings of RMB1,352.9 million, partially offset by the repayment of borrowings of RMB1,004.3 million and interest paid of RMB47.2 million.

In 2023, we recorded net cash from financing activities of RMB198.4 million, primarily attributable to net proceeds from borrowings of RMB456.8 million, partially offset by interest paid of RMB47.1 million and the repayment of borrowings of RMB11.9 million.

## WORKING CAPITAL

Our Directors are of the opinion that, taking into account the financial resources available to us, including our cash and cash equivalents, available banking facilities, net cash from operating activities and the estimated net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present requirements, that is for at least the next 12 months from the date of this document.

## INDEBTEDNESS

Our indebtedness during the Track Record Period primarily consisted of bank borrowings, lease liabilities and redemption liabilities recognized in relation to investments from investors with preferred rights.

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

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| Borrowings | 518,893 | 521,159 | 538,137 | 514,183 |
| Redemption liabilities | 1,028,229 | 1,454,076 | 1,552,556 | 1,585,383 |
| Lease liabilities | 9,630 | 9,488 | 7,507 | 9,915 |
| **Non-current** | | | | |
| Borrowings | 601,250 | 925,544 | 1,118,958 | 1,115,318 |
| Lease liabilities | 37,339 | 27,923 | 21,167 | 20,879 |
| **Total** | **2,195,341** | **2,938,190** | **3,238,325** | **3,245,678** |

### Borrowings

Our borrowings primarily consist of secured bank borrowings and unsecured bank borrowings.

The following table sets forth a breakdown of our borrowings as of the periods indicated.

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Secured bank borrowings | 640,194 | 944,047 | 1,237,582 | 1,226,372 |
| Secured other borrowings | 867 | — | — | — |
| Unsecured bank borrowings | 480,270 | 526,339 | 443,025 | 425,730 |
| | 1,121,331 | 1,470,386 | 1,680,607 | 1,652,102 |
| Less: borrowing arrangement fees, net of amortization | (1,188) | (23,683) | (23,512) | (22,601) |
| **Total** | **1,120,143** | **1,446,703** | **1,657,095** | **1,629,501** |

As of December 31, 2023, 2024 and 2025 and April 30, 2026, our total borrowings were RMB1,120.1 million, RMB1,446.7 million RMB1,657.1 million and RMB1,629.5 million, respectively.

Our borrowings bore fixed or variable interest rates. During the Track Record Period, the effective interest rates of our fixed-rate borrowings ranged from 2.4% to 3.6%, and the effective interest rates of our variable-rate borrowings ranged from 2.6% to 4.45%. As of December 31, 2023, 2024 and 2025 and April 30, 2026, our secured borrowings were secured by property, plant and equipment with gross carrying amounts of RMB210.2 million, RMB610.3 million and RMB705.4 million and RMB705.4 million, respectively.

Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further 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. As of April 30, 2026, we had unutilized committed banking facilities of RMB1,018.3 million.

### Redemption Liabilities

Our redemption liabilities represented financial liabilities recognized in relation to the redemption rights attached to the investments from investors with preferred rights. Under the terms of the relevant shareholders' agreements, such investors had the right to require us to redeem their investments upon the occurrence of certain events, including, among others, failure to complete a qualified initial public offering by a specified date. As a result, such investments were recorded as financial liabilities measured at amortized cost. The redemption liabilities are accreted to the redemption amount over time through non-cash interest charges recognized in finance costs. We recorded redemption liabilities of RMB1,028.2 million as of December 31, 2023, RMB1,454.1 million as of December 31, 2024, RMB1,552.6 million as of December 31, 2025 and RMB1,585.4 million as of April 30, 2026.

Pursuant to a supplemental agreement of the shareholders agreement entered into by the Company with preferential rights investors of the Company in December 2025, the redemption rights have ceased to be effective from the date on which the first submission of application for an **[REDACTED]** of shares of the Company on the Main Board of the Stock Exchange (the "**[REDACTED]**") and shall be automatically resumed upon the occurrence of certain events. All the preferential rights shall be automatically terminated upon the completion of the **[REDACTED]**. The Directors, taking into account of their plan and progress of the **[REDACTED]** and the likelihood of the occurrence of these events, are of the opinion that the Company does not expect to settle the redemption liabilities in the next twelve months from the date of this document. See Note 32 to the Accountants' Report set out in Appendix I to this document for details.

### Lease Liabilities

Lease liabilities represented our obligations to make lease payments under our lease arrangements, primarily for leased properties used in our operations. As of December 31, 2023, 2024 and 2025 and April 30, 2026, our lease liabilities were RMB47.0 million, RMB37.4 million, RMB28.7 million and RMB30.8 million, respectively.

The following table sets forth a breakdown of our lease liabilities as of the dates indicated.

| | As of December 31, | | | As of April 30, |
|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Current lease liabilities | 9,630 | 9,488 | 7,507 | 9,915 |
| Non-current lease liabilities | 37,339 | 27,923 | 21,167 | 20,879 |
| **Total** | **46,969** | **37,411** | **28,674** | **30,794** |

### Indebtedness statement

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

## KEY FINANCIAL RATIO

The following table sets forth our key financial ratio for the years indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| Gross loss margin[(1)] | (7.4%) | (15.1%) | (3.9%) |

*Note:*

(1) Gross loss margin is calculated based on gross loss divided by revenue for the relevant year.

## CAPITAL EXPENDITURES

Our purchases of property, plant and equipment mainly related to the construction and equipping of our production facilities and capacity expansion. The following table sets forth the breakdown of our capital expenditures for the years indicated.

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Purchase of property, plant and equipment | 258,124 | 412,204 | 195,218 |
| Purchase of intangible assets | 3,071 | 9,095 | 592 |
| **Total** | **261,195** | **421,299** | **195,810** |

Our capital expenditures increased from RMB261.2 million in 2023 to RMB421.3 million in 2024, primarily due to the increase in purchases of property, plant and equipment during the period. Our capital expenditures decreased from RMB421.3 million in 2024 to RMB195.8 million in 2025, primarily due to the decrease in purchases of property, plant and equipment as certain major construction and installation works had been completed or progressed to a later stage.

We expect to fund our planned capital expenditures through a combination of cash and cash equivalents, cash generated from operating activities, bank borrowings and net **[REDACTED]** from the **[REDACTED]**.

## CAPITAL COMMITMENTS

Our capital commitments during the Track Record Period primarily related to property, plant and equipment. The following table sets forth our capital commitments as of the dates indicated.

| | As of December 31, | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Property, plant and equipment | 211,382 | 132,328 | 65,097 |
| **Total** | **211,382** | **132,328** | **65,097** |

## CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we had contingent liabilities in relation to financial guarantees provided to Changshu Yudeyang, a subsidiary disposed of in 2023, for its outstanding loans of RMB33.4 million, RMB33.4 million and RMB26.3 million, respectively. Based on the assessment of our Directors, no liability was recognized in our consolidated statements of financial position in respect of such financial guarantees as of December 31, 2023, 2024 and 2025, respectively.

Except as discussed above, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against us or any member of our Group. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

## RELATED PARTY TRANSACTIONS

We entered into transactions with our related parties during the Track Record Period. For details of our related party transactions and balances, see Note 38 to the Accountants' Report included in Appendix I to this document. Our Directors are of the view that such related party transactions and balances did not distort our track record results or cause our historical results to become non-reflective of our future performance.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## FINANCIAL RISKS DISCLOSURE

### Market Risk

Our activities expose us primarily to currency risk, interest rate risk and other price risk. We monitor and manage these exposures on an ongoing basis.

#### *Currency Risk*

Certain of our financial assets are denominated in foreign currencies, primarily U.S. dollars, and are therefore exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors our foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

#### *Interest Rate Risk*

We are exposed to fair value interest rate risk in relation to our cash and cash equivalents, restricted bank deposits, fixed-rate borrowings, redemption liabilities and lease liabilities. We are also exposed to cash flow interest rate risk primarily in relation to our variable-rate bank borrowings.

Our cash flow interest rate risk is mainly concentrated on fluctuations in interest rates quoted by the loan prime rate. We manage our interest rate exposure by assessing the potential impact of interest rate movements based on prevailing interest rate levels and market outlook. Our management reviews the proportion of fixed-rate and variable-rate borrowings from time to time and seeks to maintain such proportion within a reasonable range.

#### *Other Price Risk*

We are exposed to other price risk arising from equity securities classified as financial assets at FVTPL.

### *Credit Risk and Impairment Assessment*

Credit risk refers to the risk that our counterparties default on their contractual obligations, resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, contract assets, cash and cash equivalents, restricted bank deposits and financial guarantees. We do not hold any collateral or other credit enhancements to cover our credit risks associated with our financial assets.

To manage credit risk, we have established procedures for determining credit limits, approving credit terms and monitoring the collection of overdue receivables. We perform impairment assessment under the expected credit loss model on financial assets and contract assets that are subject to impairment assessment. See Note 40 to the Accountants' Report included in Appendix I to this document for further details.

## DIVIDENDS

We did not declare or pay any dividends during the Track Record Period. We do not currently have a formal dividend policy or a pre-determined dividend payout ratio. **[REDACTED]** should not purchase our H Shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the discretion of our Directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors may deem relevant. We may not have sufficient or any distributable profits to make dividend distributions to our Shareholders in a given year, in view of our accumulated losses, or, as advised by our PRC Legal Advisor, even if we become profitable, we will only be able to declare or pay dividends out of our distributable profits until (i) the accumulated losses are covered by our after-tax profits, and (ii) sufficient statutory and other reserves are drawn in accordance with the relevant laws, regulations and our constitutional documents. In light of our accumulated losses as disclosed in this document, it is unlikely that we will be eligible to pay dividends out of our profits in the foreseeable future.

## PROPERTY INTEREST AND PROPERTY VALUATION

AVISTA, an independent property valuer, has valued our selected property interests as of April 30, 2026. Particulars of these property interests are set out in Appendix III to this document. Save as disclosed in this document, as of April 30, 2026, (i) no single property that forms part of property activities has a carrying amount of 1% or more of our total assets; and (ii) no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves available for distribution to our shareholders.

## [REDACTED]

Our **[REDACTED]** mainly include (i) **[REDACTED]**-related expenses, such as **[REDACTED]**, and (ii) non-**[REDACTED]**-related expenses, comprising professional fees paid to our legal advisors and Reporting Accountants for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**, and other fees and expenses. Assuming full payment of the **[REDACTED]** fee, the estimated total **[REDACTED]** (based on the mid-point of the

**[REDACTED]** range and assuming that the **[REDACTED]** is not exercised) for the **[REDACTED]** are approximately HK$**[REDACTED]** million, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**. Among such estimated total **[REDACTED]**, we expect to pay **[REDACTED]**-related expenses of HK$**[REDACTED]** million, professional fees for our legal advisors and Reporting Accountants of HK$**[REDACTED]** million and other fees and expenses of HK$**[REDACTED]** million. During the Track Record Period, we did not incur **[REDACTED]**. An estimated amount of HK$**[REDACTED]** million for our **[REDACTED]**, accounting for approximately **[REDACTED]**% of our gross **[REDACTED]**, is expected to be expensed through the statement of profit or loss and the remaining amount of HK$**[REDACTED]** million is expected to be recognized directly as a deduction from equity upon the **[REDACTED]**.

## 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, operational or trading position, indebtedness, contingent liabilities or prospects since December 31, 2025, being the end date of our latest audited financial statements, and that there has been no event since December 31, 2025 and up to the date of this document that would materially affect the information in the Accountants' Report.

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

Our Directors confirm that, except for the amounts due from related parties as disclosed in this section, as of the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

**[REDACTED]**