You should read the following discussion and analysis in conjunction with our consolidated financial information included in "Appendix I—Accountants' Report" to this document, together with the accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. 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 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. For details, see "Forward-looking Statements" and "Risk Factors." Unless the content otherwise requires, references to "2023," "2024" or "2025" in this section refer to our financial years ended December 31 of such years, respectively.

OVERVIEW

We are a next-generation CRO dedicated to empowering pharmaceutical companies and research institutions worldwide through integrated, disease biology–driven R&D solutions. Through this business model, we go beyond the traditional role of a CRO as an outside contractor of discrete tasks to act as a strategic R&D partner. We provide a comprehensive suite of nonclinical safety, efficacy and drug metabolism and pharmacokinetics (DMPK) studies, alongside integrated clinical trial services spanning proof-of-concept to pivotal trials, supporting our clients throughout the R&D lifecycle.

During the Track Record Period, we generated substantially all of our revenue from providing nonclinical study and clinical trial services, with an insignificant proportion derived from supplying research animals to third parties. In 2023, 2024 and 2025, we recorded revenue of RMB767.2 million, RMB712.6 million and RMB750.0 million, respectively.

BASIS OF PREPARATION AND PRESENTATION

Our Company was established in the PRC as a limited liability company on June 10, 2008 and was converted into a joint stock company with limited liability on June 17, 2015. See "History, Development and Corporate Structure—Major Shareholding Changes of Our Company." We prepared our consolidated financial information in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB").

The IASB issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing our consolidated financial information, we adopted all applicable new and revised IFRS Accounting Standards that were effective during the Track Record Period, except for any other new standards or interpretations that were not yet effective for the Track Record Period. See note 37 "Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period" to the Accountants' Report in Appendix I to this document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been, and are expected to continue to be, affected by a variety of factors, including those set forth below.

Growth of Pharmaceutical R&D Expenditure and Penetration Rate of CRO Services

As a next-gen CRO, we adopt an evolved business model that goes beyond the traditional role of CRO as an outside contractor to act as a strategic research and development partner of our clients. Our financial results are affected by the demand for our CRO services, which in turn is dependent on growth in pharmaceutical R&D expenditure and the willingness of pharmaceutical and biotechnology companies to procure external R&D services.

In 2023, 2024 and 2025, our revenue from overseas clients was RMB102.3 million, RMB101.2 million and RMB192.0 million, respectively, representing 13.3%, 14.2% and 25.6% of our total revenue for the same years, respectively. Our exposure to international markets means that our business is, to some extent, influenced by global policy developments and the evolving relationship between China and the U.S. Geopolitical tensions, shifting regulatory requirements and uncertainty regarding cross-border trade and collaboration can affect the outsourcing preferences of multinational pharmaceutical companies. For example, stricter export controls, enhanced data security requirements and changes in cross-border investment policies may impact decisions about where R&D activities are conducted and which external partners are chosen. These factors can present challenges for CROs with substantial operations in China and clients operating globally. We continue to closely monitor the impact of these external developments and adapt our business strategies to manage risks and pursue emerging opportunities.

Despite the current preference among pharmaceutical and biotechnology companies to engage reputable CROs with strong scientific expertise, there is no guarantee that this trend will persist. In addition to our clients' R&D expenditure, demand for our CRO services depends on various factors, including our clients' in-house R&D capabilities and abilities to comply with applicable laws and regulations. Some clients may prefer to keep R&D activities in-house to maintain control over proprietary technologies, protect confidential information, or retain future strategic flexibility. Our ability to deliver differentiated values to our clients as a strategic R&D partner is critical for our business and results of operations.

Our Ability to Retain Existing Clients and Attract New Clients

Our business and financial performance largely depend on our ability to retain a broad base of high-quality existing clients and secure projects across their evolving R&D needs, as well as our capacity to attract new clients. Our revenue and operational results are affected by the size and composition of our client base, as well as the value of projects obtained from each client. Since our establishment and up to the Latest Practicable Date, we had provided nonclinical services to more than 750 clients and clinical services to more than 130 clients. Our clients range from global pharmaceutical companies and early-stage biotechnology firms to leading research institutions. Our well-established client relationships allow us to generate repeat business and cross-sell a wide spectrum of services tailored to client needs. At the same time, our continued business development efforts and reputation for technical excellence enable us to consistently expand our client base. Since our inception and up to the Latest Practicable Date, we had helped our clients secure over 240 approval from the NMPA and over 50 approvals from international regulatory agencies, evidencing broad market recognition and demand for our services globally. As of December 31, 2025, we were advancing over 300 ongoing projects for a wide variety of domestic and international clients, underscoring the breadth of our project pipeline. The number of clients working with us, the scope and complexity of the services they utilize and our ability to foster long-standing relationships directly impact our revenue scale and growth trajectory. Any shifts in client demand may have a material effect on our business and financial results.

Our Service Mix and Pricing

The services required for different projects or under different service contracts may vary significantly depending on a number of factors. As a result, our revenue and gross profit margins may vary between different projects and different services. Any significant change in the mix of our projects and types of services may impact our results of operations and our overall gross profit margin. Pricing is also an important factor affecting our results of operations. If we are able to negotiate favorable contract terms with our clients, our gross profit and gross profit margin may increase. As a CRO, we compete with other CROs as well as the in-house development capabilities of our clients. As competition intensifies, we will need to maintain our superior service quality, and increase our service capacities, while continuing to offer attractive pricing terms to compete effectively and increase our market share. Furthermore, changes in pricing strategies by our competitors may have an adverse impact on our results of operations. See "Business—Competition" and "Risk Factors—Risks Relating to our Business in the Industry—The CRO market is highly competitive, and we may not be successful in competing in this industry."

Our Ability to Manage Costs in Connection with Our Projects

Our cost of sales consists of cost of supplies, direct labor costs, overhead costs and effect of biological assets fair value adjustments. Cost of supplies was the most significant component of our total cost of sales during the Track Record Period. We incurred cost of supplies primarily due to the need for a significant amount of research models, primarily NHPs, for our nonclinical study services, as well as site management services required for our clinical trial services. Site management services primarily involve providing on-site assistants to support investigators with non-medical administrative tasks such as scheduling subject visits, collecting and entering data, arranging follow-up visits and examinations, and supporting documentation and process management during the conduct of clinical trials. The fluctuation in such costs during the Track Record Period was largely in line with the number and market price of the NHPs used in our nonclinical study business. We have managed to control our cost of supplies by signing framework procurement agreements with our NHP research model suppliers to ensure a stable procurement price range for such research models as well as expanding our own NHP research model population. We expect our cost of supplies will decrease as a percentage of our revenue in the future as we continue to expand our own NHP research model population and facilities. In addition, we have incurred other major project-related expenses such as direct labor costs. Direct labor costs primarily consist of payroll expenses for the employees who are responsible for delivering services to our clients. Our direct labor costs increased during the Track Record Period as a result of our expanded operational scale and employment of more scientists and technicians. As we continue to scale our CRO services, we expect to further expand our business team and experience increase of direct labor costs in connection with our growing number of research projects.

Our Ability to Expand Our Facilities and Business team to Satisfy Growing Customer Demand

As a leading next-gen CRO in China, we provide our clients with integrated, disease biology-driven solutions that cover the full R&D lifecycle, from preclinical proof-of-concept to clinical validation. According to Frost & Sullivan, we have established one of the most comprehensive portfolios of NHP disease models in China.

To further grow our business by attracting more clients and providing our clients with high-quality services to cater their needs, we have been continuously expanding our facilities and business team. Furthermore, we intend to scale up our existing facilities and invest in a new laboratory facility in Nanjing, China to further increase our overall capacities with optimal utilization in the future. See "Future Plans and Use of Proceeds." However, our plan to further expand our facilities and service capabilities while achieving optimal utilization rates may not be successful, and any such failure may have an adverse impact on our results of operations. See "Risk Factors—Risks Relating to our Business and the Industry—If we fail to expand our facilities and business team or efficiently optimize utilization of our facilities and business team to meet rising client demands, our operating results could be adversely affected."

Changes in the Fair Value of our Biological Assets

Changes in the fair value of our biological assets can have a significant impact on both our operation performance and financial results. The variations highlight the sensitivity of our results to fair value adjustments and reinforce the importance of prudent risk management practices. During the Track Record Period, our biological assets consisted of research models for nonclinical studies and breeding. The fair value of these biological assets fluctuates due to various factors, including changes in market demand, production costs, regulatory developments and broader economic conditions. Such fluctuations contribute to either gains or losses recorded in our profit or loss, resulting in volatility in our overall financial performance. We regularly review and update our valuation methodologies in accordance with relevant accounting standards and monitor market trends that may influence asset values. Our biological assets were independently valued by a qualified and independent professional valuer, ensuring objectivity and reliability in our fair value assessments. While we continually seek to mitigate the impact of these fluctuations, changes in the fair value of our biological assets may continue to affect our financial position and results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Below are accounting policies that we believe are of critical importance to us or involve the most material estimates, assumptions and judgments used in the preparation of our financial statements. We have also identified the accounting policies on property, plant and equipment, goodwill, contract assets and contract liabilities, trade and other receivables, cash and cash equivalents, trade and other payables, and share-based payments as material to the preparation of our financial statements. For further details, see notes 2 and 3 to the Accountants' Report in Appendix I in this document.

Revenue and Other Income

We classify income as revenue when it arises from the sale of goods, the provision of services or the use by others of our assets under leases in the ordinary course of our business.

Revenue from Contracts with Customers

We recognize revenue on a gross basis. In determining whether we act as a principal or as an agent, we consider whether we obtain control of the products before they are transferred to our customers. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products.

We recognize revenue when we transfer control over a product or service to the customer at the amount of promised consideration to which we expect to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Rendering of services

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

For certain revenue from nonclinical study services and clinical trial services, we transfer control over time and recognize revenue over time by reference to the progress toward complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by our performance as we performs;

- our performance creates and enhances an asset that the customer controls as we performs; or

- our performance does not create an asset with an alternative use to our Group and we have an enforceable right to payment for performance completed to date.

Otherwise, we recognize revenue at a point in time when we transfer the control for services/deliverable units and have right to payment from the customers for the services performed upon finalization, or upon the delivery and acceptance of the deliverable units.

For other nonclinical study service, contracts with customers may cover one or several experimental studies. The service contracts stipulate the scope of studies, the project schedule, pricing and closing report of the results of each study. Our management evaluates whether each study is distinct performance obligation. We allocate the transaction price to each performance obligation on a relative stand-alone selling price basis. We recognize revenue with the allocated amounts at a point in time upon satisfaction of the individual performance obligations.

Sale of goods and research models

We recognize revenue when the customer takes possession of and accepts the products or research models.

Revenue from Other Sources and Other Income

Rental income from operating leases

We recognize rental income from operating leases in profit or loss on a straight-line basis over the term of the lease. We recognize lease incentives granted as an integral part of the total rental income, over the term of the lease. We recognize variable lease payments that do not depend on an index or a rate as income in the accounting period in which we earn them.

Interest income

We recognize interest income using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, we apply the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, we calculate interest income by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then we revert the calculation of interest income to the gross basis.

Government grants

We recognize government grants in the consolidated statements of financial position initially when there is reasonable assurance that we will receive them and that we will comply with the conditions attaching to them.

We recognize grants that compensate for our incurred expenses as income in profit or loss on a systematic basis in the same periods in which we incur the expenses.

We present grants that compensate for our cost of an asset in the consolidated statements of financial position by setting up the grants as deferred income and consequently effectively recognize them as income in profit or loss on a systematic basis over the useful life of the asset.

Biological Assets

Our biological assets mainly represent research animals including non-human primates and others for breeding and nonclinical studies. We measure biological assets on initial recognition and at the end of each period at their fair value less costs of disposal. We classify research animals for breeding as non-current assets and research animals for nonclinical studies as current assets.

We capitalize the feeding costs and other related costs such as staff costs, depreciation and amortization expenses and utilities cost incurred for raising research animals for nonclinical studies until the research animals begin to mate and transfer to our research animals for breeding. We charge such costs incurred for research animals for breeding to profit or loss during the Track Record Period.

We include gains or losses arising from initial recognition of biological assets at fair value less costs of disposal and from a change in fair value less costs of disposal of biological assets in profit or loss in the year in which it arises.

Redemption Liabilities

Our contractual obligations to purchase our own shares for cash upon the occurrence of events that are beyond our control and the holders give rise to financial liabilities. Redemption liabilities are initially measured at the present value of the redemption amount and are reclassified from equity. Subsequently, changes in the carrying amount of the financial liabilities are recognized in profit or loss as changes in carrying amount of redemption liabilities. We derecognize the redemption liabilities when, and only when, our redemption obligations are discharged, canceled or have expired. Upon a termination of the redemption obligation, the carrying amount of redemption liabilities are reclassified to equity.

Inventories and Other Contract Costs

Inventories

We measure inventories at the lower of cost and net realizable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Other Contract Costs

Other contract costs are the costs to fulfill a contract with a customer which are not capitalized as inventory. We take advantage of practical expedient in paragraph 94 of IFRS 15 and recognize the incremental costs of obtaining a contract as expense if the amortization of the asset that we otherwise would have recognized is one year or less. Costs to fulfill a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, are expensed as incurred. Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Amortization of capitalized contract costs is recognized in profit or loss when the revenue to which the asset relates is recognized.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the years indicated:

	For the year ended December 31,								
	2023			2024			2025		
	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total	Results before biological assets fair value adjustments	Biological assets fair value adjustments	Total
	(Renminbi in thousands)								
Revenue	767,228	–	767,228	712,601	–	712,601	749,993	–	749,993
Cost of sales	(383,161)	(24,224)	(407,385)	(460,560)	(38,227)	(498,787)	(403,544)	(87,412)	(490,956)
Gross profit	**384,067**	**(24,224)**	**359,843**	**252,041**	**(38,227)**	**213,814**	**346,449**	**(87,412)**	**259,037**
Other income and net gains	38,415	–	38,415	30,311	–	30,311	18,956	–	18,956
(Losses)/gains arising from changes in fair value of biological assets	–	(17,253)	(17,253)	–	(57,722)	(57,722)	–	288,354	288,354
Selling and marketing expenses	(17,431)	–	(17,431)	(14,830)	–	(14,830)	(13,129)	–	(13,129)
Administrative expenses	(147,746)	–	(147,746)	(162,797)	–	(162,797)	(205,472)	–	(205,472)
Research and development expenses	(45,702)	–	(45,702)	(48,630)	–	(48,630)	(41,420)	–	(41,420)
Impairment loss on trade receivables and contract assets	(2,209)	–	(2,209)	(5,855)	–	(5,855)	(2,244)	–	(2,244)
Profit/(loss) from operations	**209,394**	**(41,477)**	**167,917**	**50,240**	**(95,949)**	**(45,709)**	**103,140**	**200,942**	**304,082**
Changes in carrying amount of redemption liabilities	(195,940)	–	(195,940)	(205,700)	–	(205,700)	(206,098)	–	(206,098)
Finance costs	(1,660)	–	(1,660)	(3,162)	–	(3,162)	(4,531)	–	(4,531)
Share of profits less losses of associates	4,077	–	4,077	1,762	–	1,762	220	–	220
(Loss)/profit before taxation	**15,871**	**(41,477)**	**(25,606)**	**(156,860)**	**(95,949)**	**(252,809)**	**(107,269)**	**200,942**	**93,673**
Income tax	(29,838)	3,498	(26,340)	(8,742)	9,563	821	(4,731)	(9,339)	(13,710)
(Loss)/profit for the year	**(13,967)**	**(37,979)**	**(51,946)**	**(165,602)**	**(86,386)**	**(251,988)**	**(111,640)**	**191,603**	**79,963**
(Loss)/profit for the year attributable to:									
Equity shareholders of the Company			(53,504)			(231,725)			18,448
Non-controlling interests			1,558			(20,263)			61,515

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use adjusted profit/(loss) for the year and EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS Accounting Standards. We believe that these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company and provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help management. However, presentation of adjusted profit/(loss) for the year and EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS Accounting Standards. We define adjusted profit/(loss) for the year as (loss)/profit for the year adjusted for equity-settled share-based payment expenses, changes in carrying amount of redemption liabilities, listing expenses and income tax effect related to the above items. In particular, our redemption liabilities will be reclassified from liabilities to equity as a result of the termination of special rights upon Listing. See "History, Development and Corporate Structure—Pre-[**REDACTED**] Investments." We define EBITDA as (loss)/profit for the year adjusted for income tax expenses, changes in carrying amount of redemption liabilities, net finance costs (representing finance costs net of interest income), depreciation charge of property, plant and equipment and right-of-use assets and amortization cost of intangible assets.

The following tables reconcile our non-IFRS financial measures with their corresponding figures presented in accordance with IFRS Accounting Standards for the periods indicated.

	For the year ended December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
(Loss)/profit for the year	(51,946)	(251,988)	79,963
Adjusted for:			
Equity-settled share-based payment expenses	31,318	40,838	48,976
Changes in carrying amount of redemption liabilities	195,940	205,700	206,098
Listing expenses	–	–	21,662
Effect of corresponding income tax	(4,710)	(6,908)	(11,642)
Adjusted profit/(loss) for the year	**170,602**	**(12,358)**	**345,057**

	For the year ended December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
(Loss)/profit for the year	(51,946)	(251,988)	79,963
Adjusted for:			
Income tax	26,340	(821)	13,710
Changes in carrying amount of redemption liabilities	195,940	205,700	206,098
Net finance costs	(25,748)	(22,175)	(16,059)
Depreciation charge			
– property, plant and equipment	43,075	61,145	56,826
– right-of-use assets	13,640	14,108	12,567
Amortization cost of intangible assets	2,029	2,495	2,508
EBITDA	**203,330**	**8,464**	**355,613**

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our sources of revenue primarily encompass (i) nonclinical study services, (ii) clinical trial services and (iii) sale of research animals. During the Track Record Period, we generated a majority of our revenue from fees received from providing pharmacological efficacy and safety assessment services in connection with nonclinical studies. Certain of our nonclinical study projects comprise multiple studies, and for such projects we generally recognize revenue at a point in time upon completion of individual studies. For certain nonclinical study projects and all clinical trial projects, we recognize revenue over time, as our performance does not create an asset with an alternative use and we have an enforceable right to payment for performance completed to date or the customer simultaneously receives and consumes the benefits provided by our performance. For the years ended December 31, 2023, 2024 and 2025, we undertook 1,121, 1,052 and 1,079 nonclinical studies and 451, 448 and 495 clinical projects, respectively. We also generated revenue from providing clinical trial services. We recorded revenue of RMB767.2 million, RMB712.6 million and RMB750.0 million for the years ended December 31, 2023, 2024 and 2025, respectively.

The table below sets forth a breakdown of our revenue by business segment for the periods indicated. For details of revenue generated from each type of business, please refer to "Business—Our Business Offerings."

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Rendering of services						
Nonclinical study services	593,613	77.4	530,533	74.4	540,059	72.0
Clinical trial services	144,419	18.8	168,850	23.7	192,285	25.6
Sale of goods						
Sales of research animals	26,824	3.5	12,596	1.8	16,923	2.3
Others[1]	775	0.1	622	0.1	726	0.1

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Revenue from other sources						
Rental income from operating leases	1,597	0.2	–	–	–	–
Total	**767,228**	**100.0**	**712,601**	**100.0**	**749,993**	**100.0**

Note:

(1) Mainly refer to revenue generated from sales of animal feed and bedding.

During the Track Record Period, the proportion of total revenue attributable to clinical trial services increased, primarily as a result of our strategic expansion in this business since late 2021. Although the gross profit margin of our clinical trial services was lower than that of our nonclinical study services, we continued to invest in this area because it is strategically important to our integrated service model. By providing integrated services from nonclinical proof-of-concept through to pivotal clinical trials, we help clients translate nonclinical results into clinical development more efficiently, which has become one of our distinctive strengths. While our clinical trial operations were still in the ramp-up stage in 2022, we achieved significant revenue growth in this business since 2023. The growth was driven by continuous expansion of our clinical trial service team during the Track Record Period, especially our regulatory team, which has extensive experience in multi-product registration and pharmaceutical research and review process. This enabled our clinical trial projects to proceed efficiently, earning the trust of our clients and driving rapid growth in our clinical trial service business during the Track Record Period.

To support our nonclinical studies, we have established an extensive research model portfolio, encompassing both animal and non-animal research models. The table below sets forth a breakdown of our revenue from non-clinical study services by research models for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Animal models	577,353	97.3	518,561	97.7	532,159	98.5
Non-animal models	16,260	2.7	11,972	2.3	7,900	1.5
Total	**593,613**	**100.0**	**530,533**	**100.0**	**540,059**	**100.0**

The table below sets forth the breakdown of our revenue by geographical locations in which our clients are incorporated for the periods indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Chinese Mainland	664,968	86.7	611,424	85.8	557,976	74.4
The U.S.	93,684	12.2	67,739	9.5	109,716	14.6
Europe(1)	6,889	0.9	27,258	3.8	60,242	8.0
Asia (excluding Chinese Mainland)(2)	1,687	0.2	6,180	0.9	22,059	3.0
Total	**767,228**	**100.0**	**712,601**	**100.0**	**749,993**	**100.0**

Notes:

(1) Primarily includes the UK, Germany, Switzerland, Italy and Denmark.

(2) Primarily includes Japan, South Korea and Kazakhstan.

The proportion of revenue derived from overseas markets increased significantly from 14.2% in 2024 to 25.6% in 2025, primarily driven by our competitive strengths in research models for nonclinical study services, which resulted in a rising demand for our nonclinical study services from overseas clients.

Cost of Sales

Our cost of sales primarily consists of (i) cost of supplies, mainly representing our expenses for procuring consumables and research animals used in support of our nonclinical study services and clinical trial services as well as site management services for our clinical trial services which primarily involve providing on-site assistants to support investigators with non-medical administrative tasks such as scheduling subject visits, collecting and entering data, arranging follow-up visits and examinations, and supporting documentation and process management during the conduct of clinical trials, (ii) direct labor cost, representing the payroll expenses for the employees who are responsible for conducting nonclinical studies and delivering clinical trial services to our clients, (iii) overhead costs, mainly representing depreciation and amortization expenses, utility expenses and other expenses relating to the provision of our services, and (iv) effect of biological assets fair value adjustments, representing the impact on our cost of sales resulting from changes in the fair value of biological assets consumed during our nonclinical studies in the relevant period. For the years ended December 31, 2023, 2024 and 2025, our cost of sales amounted to RMB407.4 million, RMB498.8 million and RMB491.0 million, respectively.

The following table sets forth a breakdown of our cost of sales by nature for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Cost of supplies	158,696	39.0	224,018	44.9	175,094	35.7
Direct labor costs	139,526	34.2	157,121	31.5	161,794	32.9
Overhead costs	84,940	20.9	79,421	15.9	66,656	13.6

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Effect of biological assets fair value adjustments	24,223	5.9	38,227	7.7	87,412	17.8
Total	**407,385**	**100.0**	**498,787**	**100.0**	**490,956**	**100.0**

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross margins by business nature for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(Renminbi in thousands, except for percentages)					
Rendering of services						
Nonclinical study services	313,319	52.8%	175,678	33.1%	211,312	39.1%
Clinical trial services	39,794	27.6%	34,700	20.6%	42,899	22.3%
Sale of goods						
Sales of research animals	6,031	22.5%	3,296	26.2%	4,630	27.4%
Others[1]	135	17.4%	140	22.5%	196	27.0%
Revenue from other sources						
Rental income from operating leases	564	35.3%	–	–	–	–
Total	**359,843**	**46.9%**	**213,814**	**30.0%**	**259,037**	**34.5%**

Note:

(1) Mainly refer to sales of animal feed and bedding.

During the Track Record Period, our overall gross profit margin fluctuated, primarily due to (i) fluctuations in the gross profit margin of our nonclinical study services, and (ii) an increased revenue contribution from clinical trial services, which generally had a lower profit margin. The gross profit margin for our nonclinical study services was higher than that of our clinical trial services as we possess core strengths in our nonclinical studies business. These core strengths, including (i) access to relatively scarce NHP models, (ii) strong technical capabilities in designing and executing nonclinical studies and (iii) accumulated scientific expertise in interpreting and applying nonclinical results to clinical development, enable us to focus on more advanced and higher value-added nonclinical projects, negotiate more favorable pricing terms with clients and achieve higher utilization of our NHP and laboratory resources, thereby supporting a higher gross profit margin for our nonclinical study services.

The table below sets forth a breakdown of our gross profit and gross profit margin from nonclinical study services by research models for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(Renminbi in thousands, except for percentages)					
Animal models	308,062	53.4%	172,585	33.3%	209,635	39.4%
Non-animal models	5,257	32.3%	3,093	25.8%	1,677	21.2%
Total	**313,319**	**52.8%**	**175,678**	**33.1%**	**211,312**	**39.1%**

Other Income and Net Gains

Our other income and net gains primarily consist of (i) interest income from bank deposits, (ii) government grants received from various government authorities, primarily including subsidies for encouragement of technology innovations and subsidies for talent recruitment and (iii) realized and unrealized gains on wealth management products. The following table sets forth a breakdown of our other income and net gains for the years indicated.

	For the year ended December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Interest income from bank deposits	27,408	25,337	20,590
Government grants	6,140	2,837	1,773
Realized and unrealized gains on wealth management products	2,289	1,366	903
Gain on disposal of a subsidiary	–	–	468
Value-added tax super deduction and tax refund	1,443	434	270
Net losses on disposal of property, plant and equipment	(156)	(832)	(402)
Net foreign exchange gains/(losses)	1,291	1,197	(4,646)
Loss on disposal of an associate	–	(28)	–
Total	**38,415**	**30,311**	**18,956**

(Losses)/Gains Arising from Changes in Fair Value of Biological Assets

Our (losses)/gains arising from changes in fair value of biological assets mainly represent the change in fair value of our research animals for nonclinical studies and breeding. In 2023 and 2024, we recognized losses arising from changes in fair value of biological assets of RMB17.3 million and RMB57.7 million. In 2025, we recognized gains arising from changes in fair value of biological assets of RMB288.4 million. We remeasure the biological assets at the end of each period at fair value less costs of disposal and recognize gains or losses arising from a change in fair value less costs of disposal of biological assets. See "—Critical Accounting Policies and Estimates— Biological Assets" for details.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) employee benefit expenses, (ii) travel and entertainment expenses, (iii) external service fees, mainly related to our business development consulting expenses, (iv) equity-settled share-based payment expenses, (v) promotion and marketing expenses and (vi) depreciation and amortization. The following table sets forth a breakdown of our selling and marketing expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(Renminbi in thousands, except for percentages)					
Employee benefit expenses	8,438	48.4	6,837	46.1	7,473	56.9
Travel and entertainment expenses	2,720	15.6	3,001	20.2	2,482	18.9
External service fees	3,847	22.1	2,944	19.8	1,675	12.8
Equity-settled share-based payment expenses	1,237	7.1	1,285	8.7	872	6.6
Promotion and marketing expenses	1,112	6.4	651	4.4	425	3.2
Depreciation and amortization	35	0.2	56	0.4	141	1.1
Others[(1)]	42	0.2	56	0.4	61	0.5
Total	**17,431**	**100.0**	**14,830**	**100.0**	**13,129**	**100.0**

Note:

(1) Mainly refer to office expenses and communication expenses.

We recorded relatively high amounts of external service fees in 2023 and 2024, primarily because we engaged third-party service providers for business development activities to expand our overseas client base. In the second half of 2024, we began to establish our own overseas marketing network, resulting in a decrease in related business development consulting fees.

Administrative Expenses

Our administrative expenses primarily consist of (i) employee benefit expenses, (ii) equity-settled share-based payment expenses, (iii) expenditure on biological assets, (iv) listing expenses, (v) office and facility expenses, (vi) depreciation and amortization, (vii) external service fees, which mainly include professional service fees in relation to financing and investment activities, as well as expert service fees and consulting fees incurred in the course of our operations, and (viii) travel and entertainment expenses. The following table sets forth a breakdown of our administrative expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
	(Renminbi in thousands, except for percentages)					
Employee benefit expenses	70,726	47.9	69,761	42.8	74,701	36.4
Equity-settled share-based payment expenses	23,535	15.9	29,119	17.9	32,254	15.7
Expenditure on biological assets	7,925	5.4	19,669	12.1	24,914	12.1
Listing expenses	–	–	–	–	21,662	10.5
Office and facility expenses	15,887	10.8	13,306	8.2	13,945	6.8
Depreciation and amortization	12,304	8.3	13,056	8.0	16,665	8.1
External service fees	9,315	6.3	8,982	5.5	11,585	5.6
Travel and entertainment expenses	5,241	3.5	5,258	3.2	5,312	2.6
Tax and surcharges	1,326	0.9	1,738	1.1	1,961	1.0
Others(1)	1,487	1.0	1,908	1.2	2,473	1.2
Total	**147,746**	**100.0**	**162,797**	**100.0**	**205,472**	**100.0**

Note:

(1) Mainly refer to compensation payments, donations and other miscellaneous expenses.

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) materials and utility costs, (iii) depreciation and amortization and (iv) professional service fees, representing the fees incurred by third-parties to provide specialized support or services related to research and development activities, primarily including testing and certification fees, inspection fees, collaborative research and development fees with external parties, service fees and publication and intellectual property fees. The following table sets forth a breakdown of our research and development expenses for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(Renminbi in thousands, except for percentages)					
Employee benefit expenses	21,298	46.6	26,173	53.8	18,984	45.8
Materials and utility costs	16,347	35.8	14,158	29.1	14,384	34.7
Depreciation and amortization	6,944	15.2	5,794	11.9	5,375	13.0
Professional service fees	1,097	2.4	2,394	4.9	2,544	6.2
Others(1)	16	0.0	111	0.3	133	0.3
Total	**45,702**	**100.0**	**48,630**	**100.0**	**41,420**	**100.0**

Note:

(1) Mainly refer to travel expenses.

We have not incurred any share-based payment expenses that are recorded under research and development expenses during the Track Record Period, nor do we expect to incur any share-based payment expenses under research and development expenses in the foreseeable future.

Changes in Carrying Amount of Redemption Liabilities

Our changes in carrying amount of redemption liabilities represented the changes in our redemption liabilities in relation to the special rights granted to our Pre-[**REDACTED**] Investors for their Pre-[**REDACTED**] Investments into us. Our changes in carrying amount of redemption liabilities amounted to RMB195.9 million, RMB205.7 million and RMB206.1 million, in 2023, 2024 and 2025, respectively. For more details of our Pre-[**REDACTED**] Investments, see "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investments" and note 28 to the Accountants' Report set out in Appendix I to this document for our carrying amount of redemption liabilities.

Income Tax

Our income tax primarily consists of the current income tax at the statutory rates applicable to our assessable profit before tax as determined under relevant laws and regulations in Chinese Mainland and the U.S., as well as deferred income tax. In 2023 and 2025, our income tax expenses amounted to RMB26.3 million and RMB13.7 million, respectively. In 2024, we recorded income tax credit of RMB0.8 million.

We are subject to income tax based on profits generated in the jurisdictions where we operate. We are incorporated in the PRC, where the Enterprise Income Tax is charged at a statutory rate of 25% of the assessable profits. For some of our subsidiaries in the PRC qualified as High and New Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%. For one of our subsidiaries incorporated in Western China, it is subject to a preferential rate of 15%. For one of our subsidiaries incorporated in Hainan, China, it is subject to a preferential rate of 15%.

TriApex Laboratories Inc., our subsidiary incorporated in Pennsylvania, United States, is subject to U.S. federal and state income taxes, at a tax rate of 21.0% and 9.99%, respectively, during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not have any outstanding disputes or unresolved tax issues with the relevant tax authorities.

PERIOD-TO-PERIOD DISCUSSION OF RESULTS OF OPERATIONS

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

Revenue

Our total revenue increased by 5.2% from RMB712.6 million in 2024 to RMB750.0 million in 2025. The increase was primarily driven by the following:

- Revenue generated from our nonclinical study services increased by 1.8% from RMB530.5 million in 2024 to RMB540.1 million in 2025, primarily due to increased demand from overseas clients.

- Revenue generated from our clinical trial services increased by 13.9% from RMB168.9 million in 2024 to RMB192.3 million in 2025, primarily due to an increase in the total number of clinical trial studies completed during the year.

Cost of Sales

Our cost of sales decreased slightly from RMB498.8 million in 2024 to RMB491.0 million in 2025, primarily attributable to a decrease of RMB48.9 million in our cost of supplies, mainly due to lower consumption of animals used in nonclinical studies, partially offset by an increase in effect of biological assets fair value adjustments of RMB49.2 million, mainly due to an increase in the market price of NHPs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 21.2% from RMB213.8 million in 2024 to RMB259.0 million in 2025.

Our gross profit margin increased from 30.0% in 2024 to 34.5% in 2025.

- Our gross profit margin of nonclinical study services increased from 33.1% in 2024 to 39.1% in 2025, primarily attributable to an increased in the revenue contribution from overseas clients, which yields a higher gross profit margin.

- Our gross profit margin of clinical trial services remained relatively stable at 20.6% and 22.3% in 2024 and 2025, respectively.

Other Income and Net Gains

Our other income and net gains decreased by 37.5% from RMB30.3 million in 2024 to RMB19.0 million in 2025, primarily due to (i) a change from net foreign exchange gains of RMB1.2 million in 2024 to net foreign exchange losses of RMB4.6 million in 2025, resulting from fluctuation of foreign exchange, and (ii) a decrease in interest income from bank deposits of RMB4.7 million, primarily due to the maturity of our structured deposit products and the decrease in bank deposit interest rates.

(Losses)/Gains Arising from Changes in Fair Value of Biological Assets

We recognized losses arising from changes in fair value of biological assets of RMB57.7 million in 2024 and gains arising from changes in fair value of biological assets of RMB288.4 million in 2025. The change was mainly due to an increase in both the market price and number of our NHPs.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 11.5% from RMB14.8 million in 2024 to RMB13.1 million in 2025. The decrease was mainly attributable to a decrease of RMB1.3 million in external service fees, primarily due to a decrease in overseas business development consulting fees.

Administrative Expenses

Our administrative expenses increased by 26.2% from RMB162.8 million in 2024 to RMB205.5 million in 2025, primarily attributable to an increase of RMB21.7 million in listing expenses, representing the expenses recognized in 2025 in relation to our proposed H share listing.

Research and Development Expenses

Our research and development expenses decreased by 14.8% from RMB48.6 million in 2024 to RMB41.4 million in 2025, primarily attributable to the substantial completion of one of our major R&D projects in the first half of 2025.

Changes in Carrying Amount of Redemption Liabilities

Our changes in carrying amount of redemption liabilities remained stable at RMB205.7 million and RMB206.1 million in 2024 and 2025, respectively.

Income Tax

We recorded income tax credit of RMB0.8 million in 2024 compared to income tax expenses of RMB13.7 million in 2025, primarily due to the increase in profit before tax as a result of the growth of our business operations.

(Loss)/Profit for the Year

As the result of the foregoing, we achieved a turnaround from loss for the year of RMB252.0 million in 2024 to profit for the year of RMB80.0 million in 2025.

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

Revenue

Our total revenue decreased by 7.1% from RMB767.2 million in 2023 to RMB712.6 million in 2024. The decrease was primarily due to the following:

- Revenue generated from our nonclinical study services decreased by 10.6% from RMB593.6 million in 2023 to RMB530.5 million in 2024, primarily due to lower pricing for clients in China caused by intensified market competition. According to Frost & Sullivan, the global pharmaceutical industry has undergone a substantial adjustment in investment and financing activities, which has resulted in a temporary moderation in demand growth from our clients since 2022. Concurrently, capacity expansion by CROs in China has driven an increase in industry supply. The imbalance between moderated demand growth and rising supply has intensified overall market competition and exerted pressure on our nonclinical study services, including both overall client demand and pricing.

- Revenue generated from our clinical trial services increased by 16.9% from RMB144.4 million in 2023 to RMB168.9 million in 2024, primarily due to a major clinical trial project we undertook in 2024.

Cost of Sales

Our cost of sales increased by 22.4% from RMB407.4 million in 2023 to RMB498.8 million in 2024, primarily attributable to (i) an increase of RMB65.3 million in our cost of supplies due to an increase in the number of NHPs used in nonclinical studies and (ii) an increase of RMB17.6 million in our direct labor costs as we deployed more personnel to deliver nonclinical studies and clinical trial services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 40.6% from RMB359.8 million in 2023 to RMB213.8 million in 2024.

Our gross profit margin decreased from 46.9% in 2023 to 30.0% in 2024, primarily attributable to lower gross profit margins in both our nonclinical study services and clinical trial services businesses, resulted from intensified market competition. According to Frost & Sullivan, the global pharmaceutical industry has experienced a significant adjustment in investment and financing activities since 2022, which has slowed the progression of our clients' R&D pipelines and reduced project orders. At the same time, softer demand against relatively fixed industry capacity has intensified market competition and placed downward pressure on our service pricing, which in turn adversely affected our gross profit margins.

Other Income and Net Gains

Our other income and net gains decreased by 21.1% from RMB38.4 million in 2023 to RMB30.3 million in 2024, primarily attributable to (i) a decrease of RMB3.3 million in government grants due to the discontinuation of certain one-off government grants, (ii) a decrease of RMB2.1 million in interest income from bank deposits as we deployed cash for operational purposes, and (iii) a decrease of RMB1.0 million in value-added tax super deduction and refund.

Losses Arising from Changes in Fair Value of Biological Assets

Our losses arising from changes in fair value of biological assets increased from RMB17.3 million in 2023 to RMB57.7 million in 2024, primarily due to a decrease in the market prices of NHPs during the year.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 14.9% from RMB17.4 million in 2023 to RMB14.8 million in 2024, mainly attributable to a decrease of RMB1.6 million in our employee benefit expenses due to a decrease in the number of selling and marketing personnel.

Administrative Expenses

Our administrative expenses increased by 10.2% from RMB147.7 million in 2023 to RMB162.8 million in 2024, primarily attributable to (i) an increase of RMB11.7 million in expenditure on biological assets driven by higher breeding related expenses resulting from an increase in the number of NHPs for breeding and (ii) an increase of RMB5.6 million in equity-settled share-based payment expenses in relation to the Shares granted in 2023.

Research and Development Expenses

Our research and development expenses increased by 6.4% from RMB45.7 million in 2023 to RMB48.6 million in 2024, primarily attributable to an increase in our investments in R&D activities.

Changes in Carrying Amount of Redemption Liabilities

Our changes in carrying amount of redemption liabilities increased from RMB195.9 million in 2023 to RMB205.7 million in 2024 due to additional redeemable capital contributions made in 2023.

Income Tax

We recorded income tax expenses of RMB26.3 million in 2023 and income tax credit of RMB0.8 million in 2024, primarily due to the decrease in our profit before tax.

Loss for the Year

As the result of the foregoing, our loss for the year increased from RMB51.9 million in 2023 to RMB252.0 million in 2024.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories and Contract Costs

Our inventories and contract costs consisted of (i) raw materials and consumables, mainly including the NHPs and plates used in nonclinical studies, and (ii) contract fulfillment costs, representing the costs incurred to fulfill customer contracts for which relevant revenue had not been recognized. The following table sets forth a breakdown of our inventories and contract costs as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Raw materials and consumables	70,948	62,880	113,268
Cost to fulfill contracts	107,568	116,997	112,566
Less: write down of inventories and contract costs	(6,504)	(18,310)	(10,524)
Total	**172,012**	**161,567**	**215,310**

Our inventories and contract costs decreased from RMB172.0 million as of December 31, 2023 to RMB161.6 million as of December 31, 2024, primarily due to a write-down of inventories and contract costs resulted from intensified market competition. Our inventories and contract costs then increased to RMB215.3 million as of December 31, 2025, primarily due to an increase in the NHPs for nonclinical studies for orders to deliver.

The table below sets forth our inventory and contract costs turnover days for the periods indicated.

	Year ended December 31,		
	2023	2024	2025
Inventory and contract costs turnover days[(1)]	159	122	140

Note:

(1) Inventories and contract costs turnover days for a year/period equal the average of the opening and closing inventory and contract costs balances divided by cost of sales for the relevant year/period and multiplied by the number of days in the relevant year, which is 365 days for each year.

The turnover days of our inventory and contract costs decreased from 159 days in 2023 to 122 days in 2024, primarily due to an increase in the number of NHP-based studies. The turnover days of our inventory and contract costs then increased from 122 days in 2024 to 140 days in 2025, primarily due to an increase in the NHPs used in nonclinical studies for orders to deliver.

As of April 30, 2026, approximately RMB146.6 million, or 68.1%, of our inventories and contract costs as of December 31, 2025 had been subsequently consumed.

We believe that there is no material impairment issue for our inventories and contract costs. We have made sufficient provision because (i) our procurement of inventories is aligned with our order backlogs, thereby minimizing the risk of low net realizable value and (ii) we continuously optimize our inventory management policies, including but not limited to procuring materials based on schedules and regularly monitoring inventory levels to ensure appropriate inventory conditions.

Biological Assets

During the Track Record Period, our biological assets primarily consisted of NHPs hosted at our Hainan and Kunming facilities, including those used for nonclinical studies, which we classified as current assets, and those for breeding purposes which we classified as non-current assets. In addition, our biological assets also included canine and suidae research animals of immaterial value. The total fair value of such rodent and canine research animals and the changes of quantities of such research animals did not have any material impact on our operating results during such periods. The following table sets forth a breakdown of our NHP research animals as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Non-current assets			
– Non-human primates for breeding . . .	319,088	702,589	985,901
Current assets			
– Non-human primates for nonclinical studies	173,373	123,838	361,079
Total	**492,461**	**826,427**	**1,346,980**

Our NHP biological assets comprise two categories, NHPs for breeding and NHPs for nonclinical studies. NHPs for breeding represent adult NHPs with reproductive capability, held for the purpose of producing the next generation of research animals, primarily cynomolgus monkeys. The core purpose of this type of asset is to support our strategic self-breeding of NHP colonies. By establishing core breeding colonies with a well-defined genetic background, we aim to ensure the stability, traceability and high quality of our supply of NHPs for nonclinical studies, thereby supporting the reliability of downstream research data. NHPs for nonclinical studies represent research NHPs, primarily cynomolgus monkeys, that are directly used for sale or internal use in nonclinical research. These animals are critical production inputs for our nonclinical pharmacology, pharmacokinetics and safety assessment services. Owing to their high physiological, immunological and metabolic similarity to humans, NHPs are often an irreplaceable or preferred research animals in the development of innovative therapies, particularly in areas such as metabolic diseases and central nervous system disorders. The nonclinical data generated from studies using these NHPs form essential evidence for IND and NDA/BLA applications submitted to major regulatory authorities globally, including the NMPA, FDA and EMA, and have a significant impact on the success and timing of new drug development and registration.

During the Track Record Period, changes in the fair value of our biological assets were mainly driven by fluctuations in market prices and quantities of NHPs. The fair value of our NHP research animals increased from RMB492.5 million as of December 31, 2023 to RMB826.4 million as of December 31, 2024, primarily due to purchase of new NHPs for breeding purposes of RMB471.1 million, partially offset by decrease due to experiments of RMB74.5 million and changes in fair value of RMB58.8 million. In 2023 and 2024, driven by the establishment of our Hainan facility, we purchased 2,400 and 6,299 NHPs for breeding, respectively, from a supplier in Cambodia. As a result, mainly driven by such purchases, we owned 5,981 and 13,274 NHPs as of December 31, 2023 and 2024, respectively. Although the market price of three-to-five-year-old cynomolgus monkeys decreased from RMB112,500 per head as of December 31, 2023, to RMB81,500 per head as of December 31, 2024, the increase in the number of NHPs still led to growth in the carrying amount of our biological assets. The fair value of our NHP research animals increased from RMB826.4 million as of December 31, 2024 to RMB1,347.0 million as of December 31, 2025, mainly due to purchase of new NHPs for breeding purposes of RMB446.1 million and changes in fair value of RMB287.6 million, partially offset by decrease due to experiments of RMB204.0 million. In 2025, we further expanded the capacity of our Hainan and Kunming facilities and purchased an additional 5,200 NHPs for breeding from a supplier in Cambodia. As of December 31, 2025, mainly driven by such purchases, we owned 18,809 NHPs in total, and the market price of three-to-five-year-old cynomolgus monkeys increased from RMB81,500 per head as of December 31, 2024 to RMB102,000 per head as of December 31, 2025, which further contributed to the increase in the carrying amount of our biological assets.

Our biological assets were independently valued by United Assets & Real Estate Appraisal Co., Ltd., which is an independent professional appraiser not connected with us and has experience in valuation of biological assets. See "—Valuation of Biological Assets" below.

As of December 31, 2023, 2024 and 2025, the fair value of our biological assets represented 19.4%, 28.0% and 37.8% of our total assets, respectively.

Contract Assets

Our contract assets primarily relate to our rights to the consideration for work completed but not yet billed and will be transferred to trade receivables when the rights become unconditional. For details, see "—Critical Accounting Policies and Estimates—Contract Assets and Contract Liabilities."

Our contract assets increased by 17.0% from RMB63.4 million as of December 31, 2023 to RMB74.2 million as of December 31, 2024, and further increased by 3.8% to RMB77.0 million as of December 31, 2025. The continuous increase in our contract assets was primarily due to the increase in the value of work performed under contract for which payment milestones specified in the contracts had not yet been met by the end of each period.

As of April 30, 2026, RMB33.2 million, or approximately 43.1%, of our contract assets as of December 31, 2025 had been recognized as trade receivables.

Trade and Bill Receivables

Our trade and bill receivables primarily represent the outstanding amount receivable from our clients in consideration for our services that have been already billed to our clients. The following table sets forth a breakdown of our trade and bill receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Trade receivables	105,460	173,183	140,123
Less: loss allowance	(3,317)	(7,797)	(10,282)
	102,143	165,386	129,841
Bills receivables	–	5,816	–
Total trade and bill receivables	**102,143**	**171,202**	**129,841**

Our trade and bill receivables increased by 67.6% from RMB102.1 million as of December 31, 2023 to RMB171.2 million as of December 31, 2024, primarily due to intensified industry competition since 2023, which resulted in greater bargaining power for clients and a slower collection pace of our receivables. Our trade and bill receivables decreased by 24.2% from RMB171.2 million as of December 31, 2024 to RMB129.8 million as of December 31, 2025, primarily due to our increased efforts in collecting trade and bill receivables.

We typically grant our clients credit periods of up to 90 days. The following table sets forth an aging analysis of our trade and bill receivables, based on the revenue recognition dates, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Within 1 year	96,164	151,496	107,787
More than 1 year but within 2 years	8,690	24,060	24,475
More than 2 year but within 3 years	286	2,981	5,535
More than 3 years	320	462	2,326
Less: loss allowance	(3,317)	(7,797)	(10,282)
Total	**102,143**	**171,202**	**129,841**

The following table sets forth the turnover days of our trade and bill receivables and contract assets for the years/period indicated:

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade and bill receivables turnover days[(1)]	36	70	73

	Year ended December 31,		
	2023	2024	2025
		(days)	
Trade and bill receivables and contract assets turnover days[(2)]	64	105	110

Notes:

(1) Trade and bill receivables turnover days equal the average of opening balance and closing balance of trade and bill receivables for relevant period divided by total revenue for the same period and multiplied by the number of days during such period, which is 365 days for a year.

(2) Trade and bill receivables and contact assets turnover days equal the average of opening balance and closing balance of trade and bill receivables and contact assets for relevant period divided by total revenue for the same period and multiplied by the number of days during such period, which is 365 days for a year.

Our trade and bill receivables turnover days increased from 36 days in 2023 to 70 days in 2024, and further to 73 days in 2025, primarily due to intensified industry competition since 2023, which resulted in greater bargaining power for clients and a slower collection pace of our receivables. As market competition intensified, our clients increasingly selected CRO service providers through competitive tender processes, and payment terms became a key point of commercial negotiation. In particular, the typical upfront payment ratio under our contracts decreased from 2023 to 2025, which contributed to the lengthening of our trade and bill receivables turnover days. We plan to strengthen the management of our trade receivables and optimize our cash conversion cycle. In particular, we intend to (i) enhance credit control and collection efforts to improve our trade receivables turnover days and (ii) actively negotiate more balanced payment terms with key suppliers, so as to better align our operating cash outflows with operating cash inflows.

As of April 30, 2026, RMB60.4 million, or approximately 46.5%, of our trade and bill receivables as of December 31, 2025 had been subsequently settled.

We believe there is no material recoverability issue for our trade receivables, and we have made sufficient credit loss allowances for our trade receivables based on (i) our robust credit risk management system, which includes credit evaluations on a case-by-case basis and customized credit policies, (ii) stringent internal measures that support the effective collection and management of trade receivables, (iii) the reliability and payment history of our customers, who are primarily well-known pharmaceutical companies in the industry with long-standing and stable relationships with us, and (iv) our strong customer relationships and the consistent payments we received from customers.

Prepayments and Other Receivables

Our prepayments and other receivables primarily represent (i) payments for purchase of inventories and receiving of services, (ii) value added tax recoverable, (iii) prepayments for miscellaneous expenses and (iv) deposits. The following table sets forth a breakdown of our prepayments and other receivables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
		(Renminbi in thousands)	
Prepayments for purchase of inventories and receiving of services	62,381	43,515	47,247
Value added tax recoverable	9,650	15,666	22,612

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Prepayments for miscellaneous expenses	2,863	3,413	3,805
Deposits	2,293	4,173	2,924
Listing expenses to be capitalized	–	–	2,954
Others	376	844	1,463
	77,563	67,611	81,005
Less: loss allowance	(360)	(444)	(493)
Total	**77,203**	**67,167**	**80,512**

Our prepayments and other receivables decreased from RMB77.2 million as of December 31, 2023 to RMB67.2 million as of December 31, 2024, primarily attributable to the decrease in our prepayments for purchase of inventories and receiving of services due to advance payments made for purchase of NHPs in 2022, which reduced as the NHPs were delivered in batches, partially offset by the increase in our value added tax recoverable mainly due to the purchase of new equipment in 2024. Our prepayments and other receivables then increased to RMB80.5 million as of December 31, 2025, primarily attributable to the increase in our value added tax recoverable representing input value-added tax arising from our purchase of NHPs.

As of April 30, 2026, RMB50.3 million, or approximately 62.4%, of our prepayments and other receivables as of December 31, 2025 had been subsequently settled.

Financial Assets at FVPL

Our financial assets at FVPL primarily represent the wealth management products that we purchased with our idle fund and the unlisted units in investment funds. Our financial assets at FVPL decreased from RMB110.0 million as of December 31, 2023 to RMB80.0 million as of December 31, 2024, primarily in relation to changes to the balance of our investments in wealth management products as of the dates indicated. Our financial assets at FVPL further decreased to RMB46.0 million as of December 31, 2025, primarily because following a decline in the interest rates of our structured deposit products, we reduced our purchases of such structured deposit products.

We purchase wealth management products as a supplemental mean to improve utilization of our cash on a short-term basis. We believe that investment in low-risk financial products helps us make better use of our cash, expand our source of income while ensuring sufficient cash flow for business operation or capital expenditures. The purchases of wealth management products are carefully reviewed and assessed by our finance department. With authorization of the Board, all wealth management products purchase contracts are subject to approval by our CFO, Ms. Li Xiuzhen (李秀珍). Ms. Li has accumulated extensive experience in corporate financial management by serving as the senior management at various enterprises. See "Directors and Senior Management—Senior Management" for more details. Additionally, we have established a set of risk management and capital preservation investment policy, and have implemented a series of internal control measures regarding our investment in wealth management products. These policies and measures include:

- we make investment decisions after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our working capital conditions and the expected returns;

- we only purchase low-risk wealth management products issued by qualified financial institutions; and

- after making an investment, we closely monitor its performance and fair value on a regular basis.

Upon the Listing, our investment in wealth management products will be subject to the compliance with Chapter 14 of the Listing Rules.

Interests in Associates

Our interests in associates represent our long-term equity investments in entities. Our interest in associates increased from RMB38.0 million as of December 31, 2023 to RMB40.6 million as of December 31, 2024 and further to RMB40.8 million as of December 31, 2025, primarily due to the net profit recorded by an associate primarily engaged in nonclinical trial services, which resulted in an increase in its net assets. See "Business—Our Business Offerings—Nonclinical Studies and Research Models—Nonclinical Studies—Safety assessment" for details of our material associate.

Trade and Other Payables

Our trade and other payables primarily consist of (i) payables for purchase of biological assets, (ii) payables for acquisition of property, plant and equipment, (iii) payroll payables and (iv) trade payables. Our trade payables primarily represent our obligations to pay for products and services purchased from our suppliers in the ordinary course of our business. The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Payables for purchase of biological assets	–	138,000	155,738
Payables for acquisition of property, plant and equipment	19,532	7,043	93,542
Payroll payables	43,780	42,626	52,333
Trade payables	32,522	35,878	31,143
Other payables and accruals	13,110	16,302	15,953
Payables for other taxes	2,188	4,197	4,078
Amounts due to non-controlling shareholders of a subsidiary	103,500	213,500	–
Total	**214,632**	**457,546**	**352,787**

We recorded payables for purchase of biological assets of RMB138.0 million and RMB155.7 million as of December 31, 2024 and December 31, 2025, respectively, in relation to our procurement of NHPs for breeding purposes.

Our payables for acquisition of property, plant and equipment increased significantly from RMB7.0 million as of December 31, 2024 to RMB93.5 million as of December 31, 2025, primarily due to the renovation of our new laboratory facility complex in Nanjing.

Our trade payables increased from RMB32.5 million as of December 31, 2023 to RMB35.9 million as of December 31, 2024, primarily because we were able to negotiate longer payment terms with our suppliers as a result of our strengthened bargaining power. Our trade payables then decreased to RMB31.1 million as of December 31, 2025, primarily due to the settlement of amounts due to suppliers.

Our amounts due to non-controlling shareholders of a subsidiary increased from RMB103.5 million as of December 31, 2023 to RMB213.5 million as of December 31, 2024, primarily due to batches of borrowings from our shareholders of a subsidiary, which were used in operations. Our amounts due to non-controlling shareholders of subsidiaries then decreased to nil as of December 31, 2025, as the outstanding balances of such borrowings had been converted to equity of the subsidiary.

Our suppliers typically extend to us credit terms ranging from 30 to 120 days. The following table sets forth an aging analysis of our trade payables, based on the invoice date, as of the dates indicated.

	As of December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
Within 1 year	32,284	34,844	30,439
More than 1 year but within 2 years	190	864	503
More than 2 year but within 3 years	48	169	59
More than 3 years	–	1	142
Total	**32,522**	**35,878**	**31,143**

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

	Year ended December 31,		
	2023	2024	2025
	(days)		
Trade payables turnover days(1)	22	25	25

Note:

(1) Trade payables turnover days equal the average of the opening and closing balances of trade payables for relevant period divided by total cost of sales for the same period and multiplied by the number of days during such period, which is 365 days for a year.

Our trade payables turnover days increased from 22 days in 2023 to 25 days in 2024, and then remained stable at 25 days in 2025. The slight increase from 2023 to 2024 was primarily due to our increased bargaining power with our suppliers, who were willing to accept longer payment cycle with us.

As of April 30, 2026, RMB15.9 million, or approximately 50.9%, of our trade payables as of December 31, 2025 had been subsequently settled.

Contract Liabilities

Our contract liabilities represent our obligations to deliver services to our clients for which we have received non-refundable payments or we have an unconditional right to receive non-refundable payments from such clients under the relevant contracts with our clients.

Our contract liabilities increased from RMB130.4 million as of December 31, 2023 to RMB149.2 million as of December 31, 2024, primarily due to the increase in the advance payments from our clinical trial services clients. Our contract liabilities increased from

RMB149.2 million as of December 31, 2024 to RMB175.5 million as of December 31, 2025, primarily the increase in advance payments from our nonclinical study and clinical trail services, as the market recovered since the fourth quarter of 2025.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates or the years indicated.

	As of/Year ended December 31,		
	2023	**2024**	**2025**
Gross profit margin *(%)*[1]	46.9	30.0	34.5
Net (loss)/profit margin *(%)*[2]	(6.8)	(35.4)	10.7
Adjusted net profit/(loss) margin (non-IFRS measure) *(%)*[3]	22.2	(1.7)	46.0
EBITDA margin (non-IFRS measure) *(%)*[4]	26.5	1.2	47.4
Current ratio *(times)*[5]	0.3	0.4	0.5

Notes:

(1) Gross profit margin is calculated using gross profit for the year divided by revenue for the same year and multiplied by 100%.

(2) Net (loss)/profit margin is calculated using (loss)/profit for the year divided by revenue for the same year and multiplied by 100%.

(3) Adjusted net profit/(loss) margin (non-IFRS measure) is calculated using adjusted net profit/(loss) (non-IFRS measure) for the year divided by revenue for the same year and multiplied by 100%.

(4) EBITDA margin (non-IFRS measure) is calculated using EBITDA (non-IFRS measure) for the year divided by revenue for the same year and multiplied by 100%.

(5) Current ratio is calculated using total current assets divided by total current liabilities.

For discussion of gross profit margin and net (loss)/profit margin, see "—Discussion of Selected Items from the Consolidated Statements of Profit or Loss and Other Comprehensive Income."

We had adjusted net profit margin (non-IFRS measure) of 22.2% and 46.0% in 2023 and 2025, respectively. We had adjusted net loss margin (non-IFRS measure) of 1.7% in 2024. During the Track Record Period, our adjusted net profit/(loss) margin (non-IFRS measure) was primarily affected by (losses)/gains arising from changes in the fair value of biological assets. In 2025, we recognized gains arising from changes in fair value of biological assets of RMB288.4 million. In 2023 and 2024, we recognized losses arising from changes in fair value of biological assets of RMB17.3 million and RMB57.7 million, respectively. We remeasure the biological assets at the end of each period at fair value less costs of disposal and recognize gains or losses arising from a change in fair value less costs of disposal of biological assets.

We had EBITDA margin (non-IFRS measure) of 26.5%, 1.2% and 47.4% in 2023, 2024 and 2025. During the Track Record Period, our EBITDA margin (non-IFRS measure) was primarily affected by (losses)/gains arising from changes in the fair value of biological assets.

Our current ratio increased from 0.3 as of December 31, 2023 to 0.4 as of December 31, 2024, primarily due to (i) an increase in our time deposits and (ii) an increase in our cash and cash equivalents. Our current ratio further increased to 0.5 as of December 31, 2025, primarily due to (i) an increase in our biological assets and (ii) a decrease in our trade and other payables.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

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

	As of December 31,			As of April 30, 2026
	2023	2024	2025	
	(Renminbi in thousands)			*(unaudited)*
Current Assets				
Inventories and contract costs	172,012	161,567	215,310	309,443
Biological assets	176,169	126,170	363,679	350,085
Contract assets	63,412	74,194	77,000	85,962
Trade and bill receivables	102,143	171,202	129,841	115,602
Prepayments and other receivables	77,203	67,167	80,512	101,163
Income tax recoverable	5,036	7,988	7,778	7,609
Financial assets at FVPL	110,025	80,000	40,000	135,000
Restricted bank deposits	3	3	255	253
Time deposits	–	283,870	295,339	214,546
Cash and cash equivalents	256,768	369,252	600,818	481,815
Total current assets	962,771	1,341,413	1,810,532	1,801,478
Current liabilities				
Trade and other payables	214,632	457,546	352,787	156,158
Contract liabilities	130,420	149,201	175,534	286,296
Bank loans	–	150,119	202,214	202,554
Lease liabilities	12,073	11,987	10,973	8,807
Redemption liabilities	2,417,994	2,623,694	2,822,986	2,926,543
Income tax payable	9,455	8,167	4,488	2,227
Total current liabilities	2,784,574	3,400,714	3,568,982	3,582,585
Net current liabilities	**(1,821,803)**	**(2,059,301)**	**(1,758,450)**	**(1,781,107)**

Our net current liabilities increased slightly from RMB1,758.5 million as of December 31, 2025 to RMB1,781.1 million as of April 30, 2026, primarily due to (i) a decrease of RMB119.0 million in cash and cash equivalents, primarily because we settled trade payables to suppliers for the purchase of NHPs, and (ii) an increase of RMB110.8 million in contract liabilities, partially offset by a decrease of RMB196.6 million in trade and other payables.

Our net current liabilities decreased by 14.6% from RMB2,059.3 million as of December 31, 2024 to RMB1,758.5 million as of December 31, 2025, primarily due to (i) an increase of RMB237.5 million in biological assets, (ii) a decrease of RMB104.8 million in trade and other payables, and (iii) an increase of RMB53.7 million in inventories and contract costs, partially offset by an increase of RMB199.3 million in redemption liabilities.

Our net current liabilities increased by 13.0% from RMB1,821.8 million as of December 31, 2023 to RMB2,059.3 million as of December 31, 2024, primarily due to (i) an increase of RMB242.9 million in trade and other payables, (ii) an increase of RMB205.7 million in redemption liabilities, and (iii) an increase of RMB150.1 million in bank loans, partially offset by (i) an increase of RMB283.9 million in time deposits, and (ii) an increase of RMB112.5 million in cash and cash equivalents.

Cash Flows

The following table sets forth selected cash flow statement information for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(Renminbi in thousands)		
(Loss)/profit before taxation	(25,606)	(252,809)	93,673
Non-cash adjustments	280,275	379,935	24,166
Changes in working capital	(282,136)	(361,494)	(227,035)
Income taxes paid	(38,484)	(20,578)	(32,613)
Income tax refunded	–	3,372	1,764
Net cash used in operating activities	(65,951)	(251,574)	(140,045)
Net cash (used in)/generated from investing activities	(578,680)	117,551	235,696
Net cash generated from financing activities	211,151	246,083	140,292
Net (decrease)/increase in cash and cash equivalents	(433,480)	112,060	235,943
Cash and cash equivalents at the beginning of the year	689,953	256,768	369,252
Effect of foreign exchange rate changes	295	424	(4,377)
Cash and cash equivalents at the end of the year	256,768	369,252	600,818

Operating Activities

In 2025, we had net cash used in operating activities of RMB140.0 million, which represents our profit before tax of RMB93.7 million, adjusted for certain non-cash items, primarily including (i) gains arising from changes in fair value of biological assets of RMB288.4 million, and (ii) changes in carrying amount of redemption liabilities of RMB206.1 million. The amount was further adjusted by negative changes in working capital, primarily including (i) increase in biological assets of RMB232.5 million, and (ii) increase in inventories and contract costs of RMB47.9 million, partially offset by decrease in trade and bill receivables of RMB38.9 million.

In 2024, we had net cash used in operating activities of RMB251.6 million, which represents our loss before tax of RMB252.8 million, adjusted for certain non-cash items, primarily including (i) changes in carrying amount of redemption liabilities of RMB205.7 million, and (ii) depreciation of property, plant and equipment of RMB61.1 million. The amount was further adjusted by negative changes in working capital, primarily including (i) increase in biological assets of RMB391.2 million, and (ii) increase in trade and bill receivables of RMB73.5 million, partially offset by increase in trade and other payables of RMB125.7 million.

In 2023, we had net cash used in operating activities of RMB66.0 million, which represents our loss before tax of RMB25.6 million, adjusted for certain non-cash items, primarily including (i) changes in carrying amount of redemption liabilities of RMB195.9 million, and (ii) depreciation of property, plant and equipment of RMB43.1 million. The amount was further adjusted by negative changes in working capital, primarily including (i) increase in biological assets of RMB191.1 million, (ii) decrease in contract liabilities of RMB79.1 million, and (iii) increase in trade and bill receivables of RMB56.1 million, partially offset by decrease in prepayments and other receivables of RMB32.7 million.

Our net cash used in operating activities in 2023, 2024 and 2025 was primarily attributable to our continued investment in building up our NHPs for breeding and the impact of market conditions on our nonclinical study service business. We have made significant cash payments for the purchase of NHPs for breeding in each period, which are recorded as biological assets and are not expensed in the same period. In particular, in 2023, 2024 and 2025, we made cash payments of RMB235.6 million, RMB362.7 million and RMB437.4 million, respectively, for the purchase of NHPs for breeding. Excluding cash payments for NHPs for breeding, we recorded net cash generated from operating activities in each period. After excluding this impact, the decrease in net cash generated from operating activities from 2023 to 2024 was mainly due to (i) lower gross profit margins of our nonclinical study projects as competition intensified, and (ii) an increase in trade receivables as certain nonclinical toxicology client gained stronger bargaining power on payment terms, resulting in longer collection periods. After excluding cash payments for NHPs for breeding, we recorded an increase in net cash generated from operating activities from 2024 to 2025.

Looking forward, as our introduction of NHPs for breeding has substantially been completed and we do not expect to make large-scale purchases of breeding NHPs in the foreseeable future, we expect cash outflows related to the build-up of biological assets to significantly decrease. In addition, we plan to improve our operating cash flow by (i) strengthening our working capital management, including optimizing customer credit terms, enhancing trade receivable collection efforts and negotiating more favorable payment terms with key suppliers, (ii) further enhancing the quality and competitiveness of our nonclinical study and clinical trial services and improving our profitability and pricing power, and (iii) further expanding our integrated nonclinical-to-clinical service offering and exploring appropriate combinations of services, which are expected to provide better continuity in the research and development process of customer projects and support more stable and timely cash inflows.

Investing Activities

In 2025, we had net cash generated from investing activities of RMB235.7 million, primarily due to (i) proceeds from redemption of wealth management products of RMB577.1 million and (ii) decrease in time deposits of RMB227.5 million, partially offset by payment for purchase of wealth management products of RMB535.3 million.

In 2024, we had net cash generated from investing activities of RMB117.6 million, primarily due to (i) proceeds from redemption of wealth management products of RMB518.4 million and (ii) decrease in time deposits of RMB140.0 million, partially offset by payments for purchase of wealth management products of RMB487.0 million.

In 2023, we had net cash used in investing activities of RMB578.7 million, primarily attributable to (i) payments for purchase of wealth management products of RMB800.0 million, (ii) increase in time deposits of RMB342.0 million, and (iii) payment for purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB142.4 million, partially offset by proceeds from redemption of wealth management products of RMB694.5 million.

Financing Activities

In 2025, we had net cash generated from financing activities of RMB140.3 million, primarily due to (i) loans from non-controlling shareholders of subsidiaries of RMB295.5 million and (ii) proceeds from bank loans of RMB202.1 million, partially offset by (i) repayment of loans from non-controlling shareholders of subsidiaries of RMB190.5 million and (ii) repayment of bank loans of RMB150.0 million.

In 2024, we had net cash generated from financing activities of RMB246.1 million, primarily due to (i) proceeds from bank loans of RMB150.0 million and (ii) loans from non-controlling shareholders of subsidiaries of RMB110.0 million, partially offset by payment for capital element of lease liabilities of RMB14.1 million.

In 2023, we had net cash generated from financing activities of RMB211.2 million, primarily due to (i) proceeds from issue of ordinary shares with preferred rights of RMB130.6 million and (ii) loans from non-controlling shareholders of subsidiaries of RMB103.5 million, partially offset by payment for capital element of lease liabilities of RMB14.2 million.

CAPITAL EXPENDITURES

Our capital expenditures were RMB142.4 million, RMB68.3 million and RMB61.9 million in 2023, 2024 and 2025, respectively. During the Track Record Period, our capital expenditures were primarily for payment for purchase of property, plant and equipment, intangible assets and right-of-use assets.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view, and the Joint Sponsors concur, that taking into account our available resources including cash and cash equivalents, time deposits and the net estimated proceeds from the [**REDACTED**], we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we primarily funded our cash requirements from bank borrowings and proceeds we received from Pre-[**REDACTED**] Investments. As of April 30, 2026, we had cash and cash equivalents of RMB481.8 million, time deposits of RMB214.5 million and unutilized bank facilities of RMB25.0 million.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we had capital commitments contracted but not yet provided for of RMB15.6 million, RMB7.3 million and RMB3.7 million, respectively, primarily for acquisition of property, plant and equipment, intangible assets and other long term assets for the construction, expansion and enhancement of our facilities.

INDEBTEDNESS

The table below sets forth a breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of April 30, 2026
	2023	2024	2025	
	(Renminbi in thousands)			*(unaudited)*
Current				
Bank loans	–	150,119	202,214	202,554
Lease liabilities	12,073	11,987	10,973	8,807
Redemption liabilities	2,417,994	2,623,694	2,822,986	2,926,543
Amounts due to non-controlling shareholders of a subsidiary	103,500	213,500	–	–
Non-current				
Lease liabilities	17,824	18,993	6,241	3,476
Total	**2,551,391**	**3,018,293**	**3,042,414**	**3,137,904**

Bank Loans

Our bank loans represent our unsecured bank loans due within one year. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we had bank loans of nil, RMB150.1 million, RMB202.2 million and RMB202.6 million, respectively. As of December 31, 2024 and 2025, our unsecured bank loans bore interest rates of 2.45%-2.9% and 2.45%-2.9% per annum, respectively.

Lease Liabilities

Our lease liabilities are in relation to properties that we lease primarily for our offices and facilities. As of December 31, 2023, 2024 and 2025 and April 30, 2026, we have lease liabilities of RMB29.9 million, RMB31.0 million, RMB17.2 million and RMB12.3 million, respectively.

Redemption Liabilities

From 2021 to 2023, we entered into certain financing agreements with several investors, pursuant to which we issued our share capital, facilitated the transfer of shares by certain original shareholders, and granted investors certain special rights. We designated such shares as redemption liabilities upon initial recognition. See note 28 to the Accountants' Report set out in Appendix I to this document for details. We recorded redemption liabilities of RMB2,418.0 million, RMB2,623.7 million, RMB2,823.0 million and RMB2,926.5 million as of December 31, 2023, 2024 and 2025 and April 30, 2026, respectively.

Save as disclosed above, as of April 30, 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 other material contingent liabilities. Our Directors have confirmed that there have been no material change in our indebtedness since April 30, 2026 and up to the date of this document.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since December 31, 2025 and up to the Latest Practicable Date.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any outstanding off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

We did not enter into material related party transactions in 2023. In 2024 and 2025, we entered into certain material related party transactions, the details of which are set out in Note 33 to the Accountants' Report in Appendix I. In 2024 and 2025, we purchased site management services from one of our associates to facilitate our clinical study services, amounting to RMB1.0 million and RMB7.5 million, respectively. Such transactions were trade in nature.

Our Directors believe that the transactions were conducted on normal commercial terms and on an arm's length basis in the ordinary and usual course of business and did not distort our results of operations or render our historical results not reflective of our future performance.

VALUATION OF BIOLOGICAL ASSETS

Information about the Independent Appraiser of Our Biological Assets

We have engaged United Assets & Real Estate Appraisal Co., Ltd., an independent appraiser, to determine the fair values of our biological assets as of December 31, 2023, 2024 and 2025. United Assets & Real Estate Appraisal Co., Ltd. holds the Asset Appraisal Qualification Certificate issued by the Ministry of Finance of the People's Republic of China, the Qualification Certificate for Securities and Futures-Related Business Appraisal jointly issued by the Ministry of Finance of the People's Republic of China and the China Securities Regulatory Commission, and the Registration Certificate for Real Estate Appraisal Company in the People's Republic of China issued by the Fuzhou Housing Security and Real Estate Administration. The key appraisers of our Independent Biological Assets Appraiser is Mr. Li Xiang, Ms. Li Xiaoli, Mr. Zhang Meng, Mr. Sun Jianbo, Mr. Liu Mingze and Mr. Li Xu.

Mr. Li Xiang, managing partner at United Assets & Real Estate Appraisal Co., Ltd., is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), a member of the Association of International Accountants of UK and a member of the Institute of Public Accountants of Australia. He is also a member and a Registered Valuer of the Royal Institution of Chartered Surveyors ("RICS") and a member of the International Association of Consultants, Valuers and Analysts ("IACVA"). Mr. Li has experience in corporate advisory and valuation, particularly in valuation across various industries in Chinese Mainland.

Ms. Li Xiaoli, partner at United Assets & Real Estate Appraisal Co., Ltd., is a Certified Public Valuer and a Mineral Resources Appraiser in China. Ms. Li is a member and a Registered Valuer of RICS. She has over 20 years of experience in valuation of biological assets of this magnitude and nature in China and overseas.

Mr. Zhang Meng, partner and the chief appraiser at United Assets & Real Estate Appraisal Co., Ltd., is a member of the Association of International Accountants of UK. He is a member and a Registered Valuer of RICS. He is also a Certified Public Valuer and a Certified Real Estate Appraiser in China. He has over 15 years of experience in valuation across various industries in China.

Mr. Sun Jianbo is a senior economist and a Certified Public Valuer in China. He is also a member and a Registered Valuer of RICS. He has 12 years of valuation experience.

Mr. Liu Mingze is an intermediate accountant and a Certified Public Valuer in China. He has eight years of valuation experience.

Mr. Li Xu is a Certified Public Valuer, a Certified Real Estate Appraiser and a Mineral Resources Appraiser in China. He has seven years of valuation experience.

Based on market reputation, track record in biological asset valuation and relevant background research, our Directors and the Joint Sponsors are satisfied that our Independent Biological Assets Appraiser is independent from us and is competent in conducting a valuation on our biological assets.

Valuation Methodology

During the Track Record Period, our biological assets mainly consisted of NHP research animals, for which we engaged our Independent Biological Assets Appraiser to measure their fair value. Our other biological assets were not material to our financial results during the Track Record Period.

In arriving at the assessed value, two generally accepted approaches have been considered, namely, the market approach and depreciated replacement cost approach.

A market approach is adopted to value NHP research animals at the age of five or lower. This approach was adopted because recent market prices for this age group of NHP research animals exist near the valuation dates. For NHP research animals aged three to five years, their fair values are determined by reference to recent market prices or replacement cost as of the valuation dates. In China, NHP prices generally trended downwards from 2022 to 2024, as supply chains gradually recovered from COVID-19 related disruptions, market demand for NHPs approached saturation and alternative technologies emerged, which collectively alleviated the previous supply–demand imbalance. From 2025, NHP prices showed a mild recovery, supported by more stabilised industry demand, evolving policy direction and increases in breeding and raising costs. See "Industry Overview–Analysis of Specialized Services by Next-Generation CRO–Nonclinical Services and Research Models by Next-Gen CRO– Research Models by Next-Gen CRO" for details. Specifically, the average market prices of NHP research animals aged three to five years old, on a per-animal basis, were RMB112,500, RMB81,500 and RMB102,000 as of December 31, 2023, 2024 and 2025, respectively. For NHP research animals below ages of three, their fair values are derived by adjusting the market price of three-year-old NHP research animals to reflect the estimated costs to completion and the profit margin required by a raiser. In particular, the annualized average costs for raising NHP research animals to the age of three were RMB2,072 to RMB3,351, RMB2,072 to RMB3,582 and RMB1,471 to RMB3,523 as of December 31, 2023, 2024 and 2025, respectively. Reasonable adjustments are also made based on the characteristics of the animals, such as age, gender, health status and breeding useful life.

A depreciated replacement cost approach is adopted to value NHP research animals at the age above five, which can be used for both breeding and experiment while predominantly are used for breeding according to the market practice, since there are no active market for these age group.

As of the end of each year during the Track Record Period, the average carrying value per head of our NHPs was broadly in line with, or lower than, the prevailing average market prices for comparable NHPs of similar age and characteristics. For NHP research animals aged three to five years, the carrying value per head as at each valuation date was determined primarily with reference to the relevant market prices or replacement cost and therefore did not materially exceed such average market prices. For NHP research animals below the age of three, the carrying value per head was generally lower than the market prices of three-year-old NHPs, as their fair values were derived by adjusting the market prices of three-year-old NHPs to reflect the estimated costs to completion and a raiser's profit margin. For NHP research animals above the age of five, which are predominantly used for breeding, their carrying values per head were determined based on a depreciated replacement cost approach given the lack of an active market for this age group, and any differences between such carrying values and the indicative market prices of younger NHPs mainly reflected their different ages and expected economic benefits. Overall, any differences between the carrying values per head of our NHPs and the corresponding average market prices as at the end of each of the years/ periods were mainly attributable to the age profile, health and quality conditions, intended use, as well as the application of the costs-to-completion and profit margin assumptions in the valuation model. Our Directors are of the view that such differences were reasonable and consistent with the valuation methodologies adopted.

Key Assumptions and Inputs

The key input and assumption made for valuing our biological assets include the following,

- Classification of biological assets by age, gender, species and intended use;
- Quantity and condition of each category of biological assets as of each valuation date;
- Recent sales price and procurement data for similar biological assets at each valuation date;
- Estimated productive lifespan and typical reproductive cycles;
- Cost for raising, expected culling rate and disposal costs;
- Applicable taxes, selling expenses and other deductions applied to market prices in deriving the fair values;
- Replacement costs and remaining productive capacities of breeding animals, including assumptions on the economic useful life and the number of reproductive cycles; and
- Unrealized profits to be deducted from the projected selling prices of immature biological assets.

The following factors form an integral part of the bases of our Independent Biological Assets Appraiser's opinion,

- assumptions on the market and the asset that are considered to be fair and reasonable;
- consideration and analysis on the micro and macro economy affecting our biological assets;
- review of the operational conditions of our breeding bases, including husbandry practices, facilities and health management of the biological assets;
- analytical review of the biological assets;
- assessment of the marketability of different categories of biological assets and the availability of observable market prices and transactions;
- the assumption that our group and the biological assets will continue as a going concern and that the macroeconomic, social and tax environments in which we operate remain broadly stable;
- the assumption that the information, including quantity, age, health status and cost information, relating to our biological assets provided by us is true, accurate and complete; and
- the fact that the valuation has been prepared for financial reporting purposes as of specific valuation dates and is based on financial analysis only, without taking into account commercial, legal, tax or regulatory considerations beyond those reflected in the financial information.

The Joint Sponsors and our Independent Biological Assets Appraiser conducted site inspections to perform an independent verification of the physical existence and condition of the biological assets.

The Joint Sponsors has reviewed the qualifications and relevant valuation experience of our Independent Biological Assets Appraiser. The Joint Sponsors also had various discussions with our Independent Biological Assets Appraiser in relation to its scope of work, valuation procedures, valuation bases and assumptions, valuation techniques and information required to prepare its valuation report. As confirmed by our Independent Biological Assets Appraiser, the valuation of our biological assets was conducted in accordance with the International Accounting Standard 41 issued by the International Accounting Standards Board and the International Valuation Standards issued by the International Valuation Standards Council. our Independent Biological Assets Appraiser has further confirmed that its valuation procedures provide a reasonable basis for its opinion, and that the inputs used in the valuation techniques are appropriate and reasonable.

Details of the fair value measurement of biological assets, including valuation techniques and key inputs used in valuation of the biological assets, are disclosed in note 17 to the Accountants' Report set forth in Appendix I issued by our Reporting Accountants, KPMG, in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 200, Accountants' Report on Historical Financial Information in Investment Circulars, issued by HKICPA.

The Joint Sponsors discussed with our management and the Independent Biological Assets Appraiser with respect to the techniques chosen and inputs used in the valuations of biological assets. The Joint Sponsors have further discussed with the Reporting Accountants and noted that the Reporting Accountants had performed the audit procedures in accordance with relevant auditing standards. The Joint Sponsors are satisfied that the valuation techniques chosen and the key inputs used in the valuation techniques are appropriate and reasonable.

Sensitivity Analysis

The estimated fair value of non-human primates increases/decreases as a result of an increase/decrease in the average market prices of NHP research animals aged three to five years old. As of December 31, 2023, 2024 and 2025, if market price increased/decreased by 10%, the estimated fair value of biological assets would have increased/decreased by RMB28.1 million, RMB32.6 million and RMB114.3 million, respectively.

Stock-take and Internal Control

Stock-take

We have established a standard set of protocols for stock-take, which consist of periodic stock takes to ensure the physical existence of our research animals and the accuracy and integrity of the relevant data and information concerning such research animals. Each of our research animal breeding or hosting facilities is required to perform a full stock take on a monthly basis and our finance department is required to perform a full stock take on a semiannually basis to ensure the relevant data and information such as details of quantities, survival rates, grouping and other relevant information are accurately reflected in our digital management records. Personnel of our facilities and finance department is required to submit a detailed report signed by everyone participated in the particular stock take to the relevant departments for record and analysis. Any discrepancies with the record identified in the stock take or any biological assets discovered to be excluded from the stock take must be reported and necessary inquiries or verifications are required to be performed. The staff of our research animal breeding or hosting facilities, staff of finance department and the heads of other relevant departments are required to review and confirm the results of the stock take.

Internal Control and Management System

We have adopted a policy for biological assets management. Our biological assets management policy covers among other things, the relevant accounting policies, transfer of research animals among breeding and nonclinical studies groups, purchase and disposal of research animals, breeding, record keeping and stock take. To facilitate the implementation of our biological assets management policy, we keep a comprehensive record of our research animal population and its key data and information.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to a variety of market risks, including credit risks, liquidity risks, interest rate risks and currency risks, 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, see note 32 to the Accountants' Report set out in Appendix I to this document.

Credit Risks

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 trade receivables and contract assets. Our exposure to credit risk arising from cash and cash equivalents, restricted bank deposits, time deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, which we consider to represent low credit risk. We do not provide any guarantees which would expose us to credit risk.

Liquidity Risks

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 to meet our liquidity requirements in the short and longer term.

Interest Rate Risks

Interest rate risk if the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are primarily exposed to fair value interest rate risk in relation to fixed rate lease liabilities, bank loans and redemption liabilities and cash flow risk in relation to variable-rate bank loans. We currently do not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, our management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise. We consider that the exposure of cash flow interest rate risk arising from variable rate bank loans is insignificant because the current market interest rates are relatively low and stable.

Currency Risks

As of December 31, 2023, 2024 and 2025, we are not exposed to significant foreign currency risk since financial assets and liabilities denominated in currencies other than our functional currencies and our subsidiaries are not significant.

DIVIDEND

No dividend was paid or declared by our Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. As confirmed by our PRC Legal Adviser, according to relevant PRC laws, 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. We will, therefore, only be able to declare dividends after, (i) all our historically accumulated losses have been made up for, and (ii) we have allocated sufficient net profit to their statutory common reserve fund as described above.

DISTRIBUTABLE RESERVES

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

LISTING EXPENSES

Listing expenses represent professional fees, [**REDACTED**] commission and other fees incurred in connection with the [**REDACTED**]. Listing expenses to be borne by us are estimated to be approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million), comprising: (i) [**REDACTED**] fees of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (ii) [**REDACTED**] related expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), which are further categorized into: (a) fees and expenses of legal advisers and accountants of RMB[**REDACTED**] million (HK$[**REDACTED**] million); and (b) other fees and expenses of RMB[**REDACTED**] million (HK$[**REDACTED**] million), assuming the [**REDACTED**] is not exercised and based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range), approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which was charged or is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[**REDACTED**] million (HK$[**REDACTED**] million) of which is expected to be deducted from equity upon the completion of the [**REDACTED**]. The listing expenses are expected to represent approximately [**REDACTED**]% of the gross proceeds of the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and that the [**REDACTED**] is not exercised. The listing expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] ADJUSTED NET TANGIBLE ASSETS

See Unaudited [**REDACTED**] Financial Information in Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the end date of the period reported on in the Accountants' Report in Appendix I to this document) and there has been no event since December 31, 2025 that would materially affect the information as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

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