You should read the following discussion and analysis with our consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this Document. Our consolidated financial information has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" and "Business" in this Document.

For the purpose of this section, unless the context otherwise requires, references to the year of 2024 and 2025 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis. Discrepancies between totals and sums of amounts listed in this section in any table or elsewhere in this document may be due to rounding.

OVERVIEW

We are a biotechnology company focused on the research, development and commercialization of cell therapies for the treatment of solid tumors. We focus on developing TIL therapies that do not require high-intensity lymphodepletion chemotherapy or IL-2 administration, are designed to address both cold and hot tumors, utilize a time-segmented manufacturing process and eliminate feeder cells during manufacturing. Our Core Product candidate, GC101, is the world's first tumor-infiltrating lymphocyte (TIL) therapy that does not require high-intensity lymphodepletion chemotherapy or the use of IL-2 administration, according to Frost & Sullivan. Built on the foundation of GC101, our key product candidate GC203 incorporates a membrane-bound, self-associating IL-7 construct designed to further enhance TIL activity and adaptability, and is the world's first non-viral vector gene-modified TIL therapy, according to Frost & Sullivan.

We currently have no products approved for commercial sales and was loss-making during the Track Record Period. We incurred losses of RMB163.7 million and RMB233.0 million for the years ended December 31, 2024 and 2025, respectively, which were primarily resulted from expenses in relation to R&D activities as well as finance costs in connection with the completion of Series B financing.

We expect to incur significant expenses for at least the next several years as we continue to advance our clinical development plans, and to prepare for the commercialization of our TIL drug candidates. Subsequent to the [**REDACTED**], our financial performance may fluctuate from period to period due to, among other factors, the development status of our drug candidates, regulatory approval timeline, and commercialization of our drug candidates after approval.

BASIS OF PREPARATION

Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by us in the preparation of the consolidated financial information throughout the Track Record Period.

The consolidated financial information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the relevant periods.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and are expected to continue to be, principally affected by a number of factors, many of which may be beyond our control. A discussion of the key factors is set out below.

Our Ability to Successfully Develop and Commercialize Our Product Candidates

Our business and results of operations depend on our ability to successfully develop, obtain regulatory approval for, and commercialize our product candidates. Leveraging our proprietary DeepTIL™ and NovaGMP™ technology platforms, we are developing a pipeline of innovative TIL therapies targeting a wide range of solid tumors. Our Core Product candidate, GC101, is currently being evaluated in a Phase II clinical trial for advanced melanoma, with patient enrollment completed, and we expect to submit a Biologics License Application (BLA) in 2026. In parallel, GC101 is under evaluation in a Phase Ib/II clinical trial for NSCLC, and development programs for early-line combination therapies and postoperative adjuvant therapies across multiple indications are underway. Our key product candidate GC203 is currently being evaluated in a Phase I clinical trial.

Our ability to achieve profitability in the future depends on the successful and timely completion of clinical trials and the receipt of requisite regulatory approvals for our product candidates. Although we have not yet obtained marketing approval for any product, we expect to commercialize GC101 upon regulatory approval, and subsequently expand its indications and market coverage, as well as advance additional TIL programs in our pipeline. Commercial success will also depend on market acceptance of our therapies, our capacity to manufacture and supply products at scale, and the establishment of effective commercialization and distribution channels.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, of which our research and development costs and administrative expenses are the major components.

We believe our ability to successfully develop TIL therapies is the primary factor affecting our long-term growth and competitiveness. Developing quality product candidates require substantial financial investments over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. We have invested a significant amount of financial resources in research and development activities, including preclinical studies, process optimization, clinical trials, and the establishment of GMP-compliant cell therapy manufacturing facilities. The research and development costs we incurred for the years ended December 31, 2024 and 2025 amounted to RMB91.0 million and RMB114.9 million, respectively. See "— Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Research and Development Costs" for detailed information.

We expect our research and development costs to continue to be a major component of our cost structure. As we expand the indications and explore combination therapies of our Core Product, advance additional candidates through clinical development and conduct further preclinical studies, we expect to incur additional costs relating to preclinical and clinical trial activities, CMC processes for autologous TIL products, raw material procurement, individualized cell manufacturing and quality control, as well as sales and marketing preparation.

Our administrative expenses, which primarily consisted of staff costs, office and facility-related expenses, and other general corporate expenses, amounted to RMB24.8 million and RMB49.1 million for the years ended December 31, 2024 and 2025, respectively. We expect our administrative expenses to increase in coming years to support our growing operations, expanding product development efforts and entry into future collaboration and licensing arrangements.

We expect our overall cost structure to evolve as we continue to develop and expand our business. Beyond research and development costs and administrative expenses, we anticipate incurring additional legal, accounting, insurance, compliance and public relations expenses associated with being a [**REDACTED**] company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations primarily through equity financing and bank borrowings. Going forward, prior to the commercialization of our product candidates, we expect to continue funding our operations mainly through equity financing, including [**REDACTED**] from the [**REDACTED**], as well as bank borrowings. In the longer term, following the successful commercialization of one or more of our product candidates, we expect to primarily fund our operations with revenue generated from product sales. Any fluctuation in the funding for our operations will impact our cash flow and results of operations.

MATERIAL ACCOUNTING POLICY INFORMATION

Our discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles that conform with IFRS Accounting Standards. The preparation of these financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses. We evaluate our estimates and judgments on an ongoing basis, and our actual results may differ from these estimates. We base our estimates on historical experience, known trends and events, contractual milestones and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our material accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 2 and 3 to the Accountants' Report in Appendix I to this Document.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Other income and gains	3,372	9,918
Research and development costs	(90,990)	(114,932)
Administrative expenses	(24,754)	(49,145)
Finance costs	(51,280)	(78,803)
LOSS BEFORE TAX	(163,652)	(232,962)
Income tax expense	–	(60)
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(163,652)	(233,022)
Attributable to:		
Owners of the parent	(163,652)	(233,022)

Other Income and Gains

During the Track Record Period, our other income consists of (i) government grants, (ii) interest income from debt investments at FVTOCI, and (iii) bank interest income, and our other gains consist of (i) fair value gains on financial assets at FVTPL, representing our structured bank deposits, (ii) gains on disposal of items of property, plant and equipment, (iii) gain on termination of a lease contract, and (iv) others. Other income and gains for the years ended December 31, 2024 and 2025 were RMB3.4 million, and RMB9.9 million, respectively.

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

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Other income		
Government grants	296	6,563
Interest income from debt investments at FVTOCI	769	930
Bank interest income	401	203
Total other income	**1,466**	**7,696**
Other gains		
Fair value gains on financial assets at FVTPL	1,382	1,542
Gains on disposal of items of property, plant and equipment	5	–
Gain on termination of a lease contract	6	–
Others	513	680
Total other gains	**1,906**	**2,222**
Total	**3,372**	**9,918**

The gain on termination of a lease contract arose from the termination in February 2023 of a lease agreement for certain premises in Shanghai that had originally been intended for office and production use. Following further assessment, we determined that the leased premises, which were located in a shared building with other enterprises, were not suitable for our planned drug manufacturing activities and could not satisfy the requirements applicable to a drug production site. Accordingly, we reached a mutual agreement with the lessor to terminate the lease. The termination had no material impact on our operations or clinical development activities, as the premises had not been used for drug production and we subsequently secured an alternative facility that was better suited to support our research, development and manufacturing requirements.

Research and Development Costs

Our research and development costs consist of (i) staff costs, (ii) materials costs, (iii) pre-clinical studies and clinical trials, (iv) depreciation and amortization, (v) share-based payment, and (vi) others. The following table sets forth a breakdown of our research and development costs for the periods indicated.

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Staff costs	23,304	27,004
Materials costs	21,381	27,116
Pre-clinical studies and clinical trials	31,408	32,758

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Depreciation and amortization	7,584	16,068
Share-based payment	57	835
Others	7,256	11,151
Total	**90,990**	**114,932**

For the years ended December 31, 2024 and 2025, we recorded research and development costs attributable to our Core Product GC101 of RMB60.5 million and RMB83.4 million, respectively, representing 66.5% and 72.6% of our total research and development costs, and 52.3% and 50.8% of our total operating expenses in the corresponding periods, respectively.

The following table sets forth information on our R&D costs attributable to the Core Product by development stages.

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Phase I	58,929	6,117
Phase II	1,618	77,296
Total	**60,547**	**83,413**

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) staff costs, (ii) [**REDACTED**] expenses, (iii) depreciation and amortization, (iv) office expenses, (v) professional services expenses, (vi) travel and entertainment expenses, and (vii) others. The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Staff costs	15,899	19,277
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Depreciation and amortization	3,205	2,327
Office expenses	3,635	3,973
Professional services expenses	926	2,095
Travel and entertainment expenses	650	1,883
Others	439	1,797
Total	**24,754**	**49,145**

Finance Costs

Our finance costs consist of (i) interest on redemption liabilities on owners' equity, (ii) interest on lease liabilities and (iii) interest on bank borrowings. The following table sets forth the components of our finance costs for the periods indicated.

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Interest on redemption liabilities on owners' equity	50,781	76,961
Interest on lease liabilities	485	492
Interest on bank borrowings	14	1,350
Total	**51,280**	**78,803**

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and/or operate.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("EIT") rate of the PRC subsidiaries was 25% during the Track Record Period except for certain members of us which were subject to tax concession set out below.

The Company was accredited as a "high and new technology enterprise" ("HNTE") and enjoyed a preferential income tax rate in 2023.

Pursuant to Caishui [2022] No. 13 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Further Implementation of Preferential Tax Policies for Small Low-profit Enterprises," as for certain subsidiaries which meet the criteria of small low-profit enterprise, the portion of taxable income more than RMB1,000,000 but less than RMB3,000,000, will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20% from 2022 to 2024.

In addition, pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Support the Development of Small Low-profit Enterprises and Self-employed Businesses," certain subsidiaries whose annual taxable income is less than RMB3,000,000 will be deducted to 25% of the taxable income and subject to income tax at a rate of 20%. This policy has taken effect on January 1, 2023 and will expire on December 31, 2027.

Pursuant to Cai Shui [2018] circular No. 76, the Company and Juncell Pharmaceutical which was accredited as "Technology-based Small and Medium-sized Enterprises" can carry forward their unutilized tax losses for up to ten years. This extension of the expiration period applies to all the unutilized tax losses that were carried forward by the entities at the effective date of the tax circular.

Pursuant to the relevant EIT Law, the Company and certain subsidiaries of the Company enjoyed a super deduction of 200% on qualified research and development costs during the Track Record Period.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

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

Other Income and Gains

Our other income and gains increased by 191.2% from RMB3.4 million for the year ended December 31, 2024 to RMB9.9 million for the year ended December 31, 2025. The increase was primarily attributable to an increase in government grants of RMB6.3 million.

Research and Development Costs

Our research and development costs increased by 26.3% from RMB91.0 million for the year ended December 31, 2024 to RMB114.9 million for the year ended December 31, 2025, primarily attribute to an increase in depreciation and amortization of RMB8.5 million and an increase in material costs of RMB5.7 million, primarily due to the progress in our clinical trials.

Administrative Expenses

Our administrative expenses increased by 98.0% from RMB24.8 million for the year ended December 31, 2024 to RMB49.1 million for the year ended December 31, 2025. The increase was mainly driven by the [**REDACTED**] expenses of RMB[**REDACTED**] incurred in 2025.

Finance Costs

Our finance costs increased by 53.6% from RMB51.3 million for the year ended December 31, 2024 to RMB78.8 million for the year ended December 31, 2025. The increase was primarily attributable to an increase of interest on redemption liabilities on owners' equity of RMB26.2 million as a result of our completion of a RMB96.0 million Series B+ financing in July 2025 and a RMB137.0 million Series C financing in November 2025.

Loss for the Year

For the reasons described above, our loss for the year increased from RMB163.7 million for the year ended December 31, 2024 to RMB233.0 million for the year ended December 31, 2025.

DISCUSSION OF CERTAIN SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our consolidated statements of financial position as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
NON-CURRENT ASSETS		
Property, plant and equipment	48,925	77,968
Right-of-use assets	15,329	10,746
Other intangible assets	444	3,474
Debt investments at FVTOCI	16,119	16,511
Prepayments, other receivables and other assets	33,294	24,014
Total non-current assets	**114,111**	**132,713**
CURRENT ASSETS		
Prepayments, other receivables and other assets	4,318	6,005
Financial assets at FVTPL	40,021	188,355
Debt investments at FVTOCI	21,501	24,064
Pledged deposits	4,000	–
Cash and cash equivalents	72,426	80,681
Total current assets	**142,266**	**299,105**

	As of December 31,	
	2024	2025
	(RMB in thousands)	
CURRENT LIABILITIES		
Trade and other payables	25,765	48,056
Interest-bearing bank borrowings	6,154	62,358
Lease liabilities	3,606	3,874
Income tax payable	–	60
Total current liabilities	**35,525**	**114,348**
Net current assets	**106,741**	**184,757**
Total assets less current liabilities	**220,852**	**317,470**
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	2,241	21,500
Lease liabilities	14,693	10,817
Redemption liabilities on owners' equity	530,852	839,219
Deferred income	2,870	5,400
Total non-current liabilities	**550,656**	**876,936**
Net liabilities	**(329,804)**	**(559,466)**
EQUITY		
Equity attributable to owners of the parent		
Paid-in capital/Share capital	995	10,685
Reserves	(330,799)	(570,151)
Total deficits	**(329,804)**	**(559,466)**

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

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
			(unaudited)
Current assets			
Prepayments, other receivables and other assets	4,318	6,005	5,792
Financial assets at FVTPL	40,021	188,355	222,051
Debt investments at FVTOCI	21,501	24,064	24,001
Pledged deposits	4,000	–	–
Cash and cash equivalents	72,426	80,681	26,651
Total current assets	**142,266**	**299,105**	**278,495**
Current liabilities			
Trade and other payables	25,765	48,056	48,456
Interest-bearing bank borrowings	6,154	62,358	76,208
Lease liabilities	3,606	3,874	5,278
Income tax payable	–	60	–
Total current liabilities	**35,525**	**114,348**	**129,942**
NET CURRENT ASSETS	**106,741**	**184,757**	**148,553**

During the Track Record Period, we maintained a net liabilities position, which increased from RMB329.8 million as of December 31, 2024 to RMB559.5 million as of December 31, 2025, and further increased to RMB650.0 million as of April 30, 2026. The change in our net liabilities primarily reflected the total comprehensive losses incurred in each year/period, mainly as a result of our continuous investment in research and development activities.

Our net current assets increased by RMB78.1 million from RMB106.7 million as of December 31, 2024 to RMB184.8 million as of December 31, 2025, primarily due to an increase in financial assets at FVTPL of RMB148.3 million, partially offset by (i) an increase in interest-bearing bank borrowings of RMB56.2 million, and (ii) an increase in trade and other payables of RMB22.3 million.

Our net current assets decreased by RMB36.2 million from RMB184.8 million as of December 31, 2025 to RMB148.6 million as of April 30, 2026, primarily due to a decrease in cash and cash equivalents of RMB54.0 million.

Property, plant and equipment

Our property, plant and equipment primarily consist of (i) machinery and equipment, (ii) electronic equipment, (iii) furniture, (iv) leasehold improvements and (v) construction in progress. The following table sets forth a breakdown of the net carrying amount of our property, plant and equipment as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Machinery and equipment	23,488	44,173
Leasehold improvements	4,280	32,217
Electronic equipment	494	809
Furniture	314	335
Construction in progress	20,349	434
Total	**48,925**	**77,968**

Our property, plant and equipment further increased from RMB48.9 million as of December 31, 2024 to RMB78.0 million as of December 31, 2025, primarily attributable to the increase of leasehold improvements of RMB27.9 million for the year ended December 31, 2025.

Right-of-use assets

Our right-of-use assets are primarily related to our laboratory and office premises used in our operations. Leases of laboratory and office premises generally have lease terms between 2 and 5 years. Our right-of-use assets decreased from RMB15.3 million as of December 31, 2024 to RMB10.7 million as of December 31, 2025, primarily due to a depreciation charge of RMB4.6 million.

Other intangible assets

Our other intangible assets represent the software we purchase for our business operating. The net carrying amount of our other intangible assets increased from RMB444 thousand as of December 31, 2024 to RMB3.5 million as of December 31, 2025, primarily due to incurred net carrying amount in transfer from construction in process of RMB3.0 million.

Impairment testing for non-financial assets

We periodically review the carrying amounts of our non-financial assets to determine whether there is any indication of impairment in accordance with IAS 36. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. In assessing whether such indications exist, we consider a range of internal and external factors, including significant adverse changes in the technological, market, economic, or legal environment, increases in market interest rates, evidence of obsolescence or physical damage, and internal reporting regarding the economic performance of the assets.

Our management review these indicators for our property, plant and equipment, right-of-use assets, and other intangible assets periodically. Based on the stable property and leasing markets in Shanghai, our management has confirmed that no significant adverse changes occurred or were expected to occur in the near future within our operating environment. Furthermore, as our drug pipelines remain on track and our facilities are in active use, we have identified no evidence of obsolescence, physical damage, or plans to discontinue the use of these assets. Accordingly, we have concluded that no indications of impairment for our property, plant and equipment and right-of-use assets were identified as of December 31, 2024 and 2025.

Debt investments at FVTOCI

Our debt investments at FVTOCI represent current and non-current certificates of deposits issued by banks in Chinese Mainland. Our debt investments at FVTOCI increased from RMB37.6 million as of December 31, 2024 to RMB40.6 million as of December 31, 2025.

Prepayments, other receivables and other assets

Our prepayments, other receivables and other assets primarily consisted of (i) prepayments for non-current assets; (ii) value-added tax recoverable; (iii) prepayments; (iv) rental and other deposits; (v) other receivables, which includes employee advances and social insurance related receivables; and (vi) deferred [**REDACTED**] expenses.

The following table sets forth the components of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,	
	2024	**2025**
	(RMB in thousands)	
Non-current		
Prepayments for non-current assets	20,913	238
Value-added tax recoverable	12,381	23,776
Subtotal	**33,294**	**24,014**
Current		
Prepayments	3,420	2,843
Rental and other deposits	783	671
Other receivables	115	75
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Subtotal	**4,318**	**6,005**
Total	**37,612**	**30,019**

Our prepayments, other receivables and other assets decreased from RMB37.6 million as of December 31, 2024 to RMB30.0 million as of December 31, 2025, primarily due to the decrease in prepayments for non-current assets of RMB20.7 million, which mainly reflected the utilization of upfront payments made in 2024 for the fit-out of our manufacturing facility in Anting, Shanghai, as well as the procurement of machinery and equipment. In 2024, we made advance payments to contractors and suppliers to support the development of our manufacturing facility and to secure manufacturing capacity. These payments included (i) an upfront deposit of RMB4.8 million, representing 30% of the contract price for the fit-out works at our manufacturing facility, which were contracted to a general contractor, and (ii) down payments of RMB16.2 million to equipment manufacturers to initiate the production and processing of our manufacturing machinery and equipment, which required a lead time for manufacturing. Consequently, as fit-out services were rendered and the machinery and equipment were delivered, our prepayments for non-current assets decreased from RMB20.9 million as of December 31, 2024 to RMB238 thousand as of December 31, 2025.

As of April 30, 2026, RMB2.6 million, or 42.6% of the current portion of our prepayments, other receivables and other assets as of December 31, 2025 had been subsequently settled.

Financial assets at FVTPL

Our financial assets at FVTPL primarily consist of our structured deposits, which represent short-term investments issued by banks in Chinese Mainland. Our financial assets at FVTPL increased from RMB40.0 million as of December 31, 2024 to RMB188.4 million as of December 31, 2025.

With regard to the purchase of wealth management products, including our structured deposits, we have established an investment policy focused on risk diversification and stable returns, with fund security as the top priority. We invest only in low-risk products issued by reputable banks. We strategically monitor risk management from time to time. Our finance department is primarily responsible for formulating, executing, and overseeing our investment decisions. To support this, we have put in place the following treasury policies and internal authorization controls:

- We have formulated internal control measures to regulate our process of investment in wealth management products;
- The Board sets the overall investment strategy and approves material investments, while delegating authority to the finance department to conduct investment activities within approved limits;
- The finance department will support to source investment opportunities, performing analysis, seeking necessary approvals, executing transactions, and managing ongoing investments when necessary; and
- Investments in wealth management products could be made when we have surplus cash that is not required for our short-term working capital purposes and in no event beyond the amount authorized by our senior management team.

Prior to making an investment, we will evaluate the sufficiency of our remaining working capital for our business needs, operating activities, research and development need, and capital expenditures to assess and determine the amount available for investment following the proposed transaction. We adopt a prudent approach in selecting financial assets. Our investment strategy related to financial assets focuses on prudently minimizing financial risks by aligning investment maturities with anticipated operating cash needs, while aiming to deliver stable and reasonable returns to benefit our shareholders. We make investment decisions related to financial assets on a case-by-case basis after thoroughly considering a number of factors, including but not limited to the macro-economic environment, general market conditions, risk control and credit of invested subjects, our own working capital conditions, and the expected profit or potential loss of the investment. To control our risk exposure, we have in the past sought and may continue in the future to seek other low-risk wealth management products.

To the extent that we will have surplus cash that is not required for our short-term working capital purposes, we will continue to consider investing in wealth management products taking into account the considerations above as appropriate to be in our best interest. Our investments in wealth management products after the [**REDACTED**] will be subject to compliance with Chapter 14 of the Listing Rules.

Cash and cash equivalents and pledged deposits

The following table sets forth a breakdown of our cash and cash equivalents and pledged deposits as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Cash and cash equivalents	72,426	80,681
Pledged deposits	4,000	–
Subtotal	**76,426**	**80,681**
Less:		
Pledged time deposits	(4,000)	–
Cash and cash equivalents	**72,426**	**80,681**

We had pledged deposits of RMB4.0 million and nil as of December 31, 2024 and 2025, respectively. The pledged deposits represent restricted cash held in bank accounts for a government-mandated guarantee for our construction project, which was released and returned to our general account in March 2025.

We had cash and cash equivalents of RMB72.4 million and RMB80.7 million as of December 31, 2024 and 2025, respectively. For an analysis on cash flows during the Track Record Period, see "— Liquidity and Capital Resources."

Trade and other payables

Our trade and other payables primarily related to our purchases of materials and the fees payable to third-party service providers that support our research and development activities, including CROs, SMOs, hospitals and third-party testing institutions. The following table sets forth a breakdown of our trade and other payables.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Current:		
Accrued research and development costs	9,701	18,304
Trade payables	4,854	7,172
Payroll payables	5,907	6,814
Other taxes payables	306	376
Other payables	4,997	7,620
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Total	**25,765**	**48,056**

Our trade and other payables increased from RMB25.8 million as of December 31, 2024 to RMB48.1 million as of December 31, 2025, primarily due to the increase in accrued research and development costs of RMB8.6 million and the increase in [**REDACTED**] expenses of RMB[**REDACTED**].

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,	
	2024	2025
	(RMB in thousands)	
Within three months	4,847	7,007
Three months to one year	7	158
Over one year	–	7
Total	**4,854**	**7,172**

As of April 30, 2026, RMB6.7 million, or 93.7%, of our trade payables as of December 31, 2025 had been subsequently settled.

Interest-bearing bank borrowings

Our interest-bearing bank borrowings primarily consist of (i) secured bank loans, (ii) unsecured bank loans and (iii) current portion of secured long-term bank loans. During the Track Record Period, our effective interest rate ranged from 2.2% to 3.1%. The following table sets forth a breakdown of our interest-bearing bank borrowings.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Bank loans – unsecured	5,905	73,852
Bank loans – secured	2,490	10,006
Total	**8,395**	**83,858**

The following table sets forth an aging analysis of our interest-bearing bank borrowings as of the dates indicated.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Within one year	6,154	62,358
In the second year	249	21,500
In the third to fifth year	1,992	–
Total	**8,395**	**83,858**

As of December 31, 2024 and 2025, our bank borrowings amounting to nil and RMB10.0 million, respectively, were guaranteed by our subsidiary, Juncell Pharmaceuticals. This guarantee will be released upon [**REDACTED**].

Lease liabilities

Our lease liabilities arise from payment obligations for properties leased as our laboratory and office premises. The carrying amount of our lease liabilities, including current and non-current portions, amounted to RMB18.3 million and RMB14.7 million as of December 31, 2024 and 2025, respectively.

Redemption liabilities on owners' equity

Our redemption liabilities on owners' equity mainly represent the obligations arising from the redemption features attached to the ordinary shares issued in our financing activities. Our redemption liabilities on owners' equity increased from RMB530.9 million as of December 31, 2024 to RMB839.2 million as of December 31, 2025.

Deferred income

Our deferred income mainly represent government grants related to research and development activities. Our deferred income increased from RMB2.9 million as of December 31, 2024 to RMB5.4 million as of December 31, 2025, primarily due to government grants pending the achievement of the acceptance milestones.

LIQUIDITY AND CAPITAL RESOURCES

Overview

We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, we monitor the utilization of borrowings and, from time to time, evaluate the options to renew the borrowings upon expiry based on our actual business requirement. We relied on equity financing as the major sources of liquidity during the Track Record Period.

During the Track Record Period, we incurred negative cash flows from our operations and our operating cash outflows mainly resulted from our research and development costs. Our operating activities used RMB98.3 million and RMB128.0 million for the years ended December 31, 2024 and 2025, respectively.

Cash Flows

The following table sets forth key items of our consolidated statements of cash flows for the periods indicated:

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Operating activities		
Cash used in operating activities	(98,257)	(128,033)
Net cash flows used in operating activities	**(98,257)**	**(128,033)**
Investing activities		
Bank interest received	401	203
Proceeds from disposal of items of property, plant and equipment	5	–
Proceeds from disposal of financial assets at FVTPL	549,448	358,208
Purchases of financial assets at FVTPL	(563,000)	(505,000)
Purchases of items of property, plant and equipment	(55,456)	(17,615)
Purchases of intangible assets	(140)	(3,400)
Proceeds from debt investments at FVTOCI	–	21,975
Purchases for debt investments at FVTOCI	(16,000)	(24,000)
Placement of pledged bank deposits	(4,000)	–
Withdrawal of pledged bank deposits	–	4,000

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Net cash flows used in investing activities	**(88,742)**	**(165,629)**
Financing activities		
New bank borrowings	8,395	94,936
Repayment of bank borrowings	–	(19,518)
Interest paid on bank borrowings	(14)	(1,305)
Payment of lease liabilities	(2,072)	(4,094)
Capital injection from shareholders	305,012	233,382
Repurchase of shares	(80,087)	–
Payment of [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Net cash flows from financing activities	**231,234**	**301,917**
Net increase in cash and cash equivalents	44,235	8,255
Cash and cash equivalents at beginning of year	28,191	72,426
Cash and cash equivalents at end of year	**72,426**	**80,681**

Operating Activities

In 2025, our net cash used in operating activities was RMB128.0 million, which was primarily attributable to our loss before tax of RMB233.0 million, primarily adjusted for (i) finance cost of RMB78.8 million, (ii) depreciation of property, plant and equipment of RMB13.2 million, and (iii) depreciation of right-of-use assets of RMB4.6 million. The amount was further adjusted by changes in working capital, primarily including increase in trade and other payables of RMB17.4 million, partially offset by increase in prepayment, other receivables and other assets of RMB10.7 million.

In 2024, our net cash used in operating activities was RMB98.3 million, which was primarily attributable to our loss before tax of RMB163.7 million, primarily adjusted for (i) finance cost of RMB51.3 million, (ii) depreciation of property, plant and equipment of RMB6.3 million, and (iii) depreciation of right-of-use assets of RMB4.4 million, partially offset by fair value gains on financial assets at FVTPL of RMB1.4 million. The amount was further adjusted by changes in working capital, primarily including increase in trade and other payables of RMB11.6 million, partially offset by increase in prepayment, other receivables and other assets of RMB7.5 million.

Investing Activities

In 2025, our net cash used in investing activities was RMB165.6 million, primarily attributable to purchases of financial assets at FVTPL of RMB505.0 million, purchase for debt investments at FVTOCI of RMB24.0 million and purchases of items of property, plant and equipment of RMB17.6 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB358.2 million.

In 2024, our net cash used in investing activities was RMB88.7 million, primarily attributable to purchases of financial assets at FVTPL of RMB563.0 million and purchases of items of property, plant and equipment of RMB55.5 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB549.4 million.

Financing Activities

In 2025, we had RMB301.9 million of net cash inflow from financing activities, primarily attributable to capital injection from shareholders of RMB233.4 million and partially offset by repayment of bank borrowings of RMB19.5 million.

In 2024, we had RMB231.2 million of net cash inflow from financing activities, primarily attributable to capital injection from shareholders of RMB305.0 million and new bank borrowings of RMB8.4 million, partially offset by repurchase of shares of RMB80.1 million.

CASH OPERATING COSTS

The following table sets forth information on our cash operating costs for the periods indicated.

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
R&D costs		
R&D costs for our Core Product		
Trial and testing expenses	18,921	22,147
Staff costs	13,202	15,845
CMC costs and others	12,507	11,855
R&D costs for our other product candidates		
Trial and testing expenses	7,689	3,019
Staff costs	10,102	11,188
CMC costs and others	7,537	12,320
Workforce employment costs	**14,772**	**18,011**
Non-income taxes and other governmental charges	**101**	**109**
Total	**84,831**	**94,494**

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available, including cash and bank balances, the expected income from commercialization of GC101 in China, and the estimated net [**REDACTED**] from the [**REDACTED**], as well as our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses and administrative expenses for at least the next 12 months from the date of this Document.

Our cash burn rate refers to the average monthly amount of net cash used in operating activities, capital expenditures and lease payments. Assuming an average cash burn rate going forward of 1.3 times the level in 2025, we estimate that our cash and cash equivalents as of December 31, 2025, and other financial assets as of December 31, 2025 will be able to maintain our financial viability for [**REDACTED**] months from December 31, 2025 taking into account the estimated net [**REDACTED**] from the [**REDACTED**]; or we estimate that we will be able to maintain our financial viability for [**REDACTED**] months from December 31, 2025 without taking into account the estimated net [**REDACTED**] from the [**REDACTED**]. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing, if needed, with a minimum buffer of 12 months.

INDEBTEDNESS

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

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		
			(unaudited)
Current			
Interest-bearing bank borrowings	6,154	62,358	76,208
Lease liabilities	3,606	3,874	5,278

	As of December 31,		As of April 30,
	2024	2025	2026
	(RMB in thousands)		*(unaudited)*
Non-current			
Interest-bearing bank borrowings	2,241	21,500	41,750
Lease liabilities	14,693	10,817	8,133
Redemption liabilities on owners' equity	530,852	839,219	873,268
Total	**557,546**	**937,768**	**1,004,637**

Except for our indebtedness as disclosed above as of December 31, 2024, 2025, and April 30, 2026, we did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of April 30, 2026, being our indebtedness statement date.

As of April 30, 2026, our committed unutilized bank facilities amounted to RMB256.0 million.

As of the Latest Practicable Date, there was no material restrictive covenant in our indebtedness which could significantly limit our ability to obtain future financing, nor was there any material default on our indebtedness or breach of covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Since April 30, 2026, and up to the Latest Practicable Date, there had been no material change in our indebtedness.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated:

	For the Year Ended December 31,	
	2024	2025
	(RMB in thousands)	
Acquisition of property, plant and equipment	55,456	17,615
Acquisition of other intangible assets	140	3,400
Total	**55,596**	**21,015**

Our historical capital expenditures during the Track Record Period primarily included property, plant and equipment. We funded our capital expenditure requirements during the Track Record Period mainly from equity financing. We plan to fund our planned capital expenditures using our cash at bank and the net [**REDACTED**] received from the [**REDACTED**]. Please refer to the section headed "Use of [**REDACTED**]" in this Document for more details. We may reallocate the fund to be utilized on capital expenditure based on our ongoing business needs.

CONTRACTUAL COMMITMENTS

We had the following contractual commitments as of December 31, 2024 and 2025.

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Property, plant and equipment	25,742	3,864

CONTINGENT LIABILITIES

As of December 31, 2024 and 2025, we did not have any contingent liabilities. We confirm that as of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain transactions with our related parties, the details of which are set out in Note 31 to the Accountants' Report included in Appendix I to this Document. Our Directors confirm that the material related party transactions during the Track Record Period were conducted on an arm's length basis, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios of our Group as of the dates indicated:

	As of December 31,	
	2024	2025
Current ratio(1)	4.0	2.6

Note:

(1) Current ratio is calculated using current assets divided by current liabilities as of the same date.

MARKET RISK DISCLOSURE

We are exposed to a variety of financial risks, including credit risk and liquidity risk, as set out below. We manage and monitor these risks to ensure that appropriate measures can be implemented in a timely and effective manner. For further details, see Note 34 to the Accountants' report in Appendix I to this Document. The discussion below provides a summary of our market risks.

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, we do not offer credit terms without the specific approval of the head of credit control.

Management has assessed that during the years ended December 31, 2024 and 2025, other receivables and other non-current assets have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. We do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables and other non-current assets was recognized.

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due. As at December 31, 2024 and 2025, we have assessed that the expected loss rate for other receivables was immaterial. Thus no loss allowance provision for other receivables was recognized as at December 31, 2024 and 2025.

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management of us to finance the operations and mitigate the effects of fluctuations in cash flows.

DIVIDEND

We have not declared or paid any dividends on our ordinary shares or any other securities during the Track Record Period. On December 1, 2025, we adopted a dividend policy that provides for dividend distribution primarily in the form of cash dividends, subject to our financial performance, capital requirements, liquidity position and other factors considered appropriate by our Board. While we may distribute dividends in accordance with this policy when conditions permit, we currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not intend to declare or pay any dividends in the near term. Any future determination to pay dividends will be made at the discretion of our Board subject to our Articles of Association and the PRC Company Law, and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Board may deem relevant. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China.

As confirmed by our PRC Legal Advisor, according to the PRC law, 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 our statutory common reserve fund as described above. Even if these conditions are met, the declaration and timing of dividends will still be subject to our Board's determination based on our financial position, future plans, and other relevant factors.

DISTRIBUTABLE RESERVES

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

[REDACTED]-RELATED EXPENSE INCURRED AND TO BE INCURRED

Our [**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees incurred in connection with the [**REDACTED**]. Assuming an [**REDACTED**] of HK$[**REDACTED**] per H Share, being the mid-point of the indicative [**REDACTED**], we estimated that the total [**REDACTED**] expenses for the [**REDACTED**] are approximately HK$[**REDACTED**], accounting for approximately [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**] (assuming no H Shares are issued pursuant to the [**REDACTED**]), of which approximately HK$[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss and other comprehensive income upon the completion of [**REDACTED**], and approximately HK$[**REDACTED**] is expected to be accounted for as a deduction from equity upon the completion of [**REDACTED**]. The above expenses comprise of (i) [**REDACTED**]-related expenses, including [**REDACTED**] and other expenses, of HK$[**REDACTED**]; and (ii) non-[**REDACTED**]-related expenses of HK$[**REDACTED**], including (a) fee paid and payable to legal advisors and reporting accountants of HK$[**REDACTED**], and (b) other fees and expenses of HK$[**REDACTED**]. RMB[**REDACTED**] of [**REDACTED**] expenses has been recognized in profit or loss in 2025. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE LIABILITIES

[**REDACTED**]

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 [**REDACTED**] position since December 31, 2025 (being the date on which the latest consolidated financial information of our Group was prepared) and there has been no event since December 31, 2025 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this Document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF 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.