You should read the following discussion in conjunction with the consolidated financial statements of our Group included in the Accountants' Report and the notes thereto included in Appendix I to this document, and the selected historical financial information and operating data included elsewhere in this document. The consolidated financial statements of our Group have been prepared in accordance with HKFRS Accounting Standards.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set out in "Forward-looking Statements" and "Risk Factors".

OVERVIEW

We are a biopharmaceutical company with a pipeline of proprietarily-developed innovative drug candidates centred around the RAS signalling pathways and synthetic lethality mechanism. According to CIC, a number of our drug candidates are leading in terms of clinical progress for the same target. Our primary focus is the development of targeted therapies in oncology. Since our inception in 2014, we have utilised our accumulated expertise and insights in translational medicine to drive continuous innovation.

As of the Latest Practicable Date, our pipeline consisted of eight proprietarily developed drug candidates, comprising four drug candidates in clinical stage, one drug candidate which had obtained the IND approvals from the NMPA and the FDA, and three drug candidates in pre-clinical stage. Our RAS signalling pathway pipeline is represented by two clinical-stage drug candidates, GH21 and GH55, and one pre-clinical stage drug candidate GH58. GH21, our Core Product, is an allosteric SHP2 inhibitor that is currently in phase 2 clinical trial stage. GH55, a dual-mechanism ERK1/2 inhibitor indicated for solid tumours with MAPK pathway activation, is also undergoing a phase 1 monotherapy clinical trial in China. GH58, a Pan-RAS inhibitor for the treatment of RAS-mutant solid tumours that is currently at the pre-clinical stage. Meanwhile, we have a robust pipeline of synthetic lethality drug candidates, including two clinical-stage drug candidates GH56 and GH2616, one drug candidate GH31 which had obtained the IND approvals from the NMPA and the FDA, and two pre-clinical stage drug candidates GH1581 and GH3595.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial, position and results of operations have been, or may be expected to be in the future, significantly affected by a number of factors, many of which may be beyond our control. A discussion of certain key factors is set out below.

Our business and results of operations depend on our ability to commercialise our drug candidates. We believe our drug candidates are differentiated and innovative, with a strategic focus on RAS signalling pathways and synthetic lethality mechanism.

While we currently have no drugs approved for commercial sales and have not generated any revenue from drug sales, we expect to commercialise one or more of our drug candidates over the coming years as they move towards the final stages of development and if they receive the requisite regulatory approvals. See "Business — Our Drug Candidates".

The time required to obtain approvals from the FDA, the NMPA or other comparable regulatory authorities is unpredictable but typically take several years following the commencement of clinical trials. Any delays in the regulatory approvals of any of our drug candidates in major markets will delay our ability to generate revenue from those drug candidates in those markets and adversely affect our results of operations. See "Risk Factors — Risks Relating to the Development, Clinical Trials and Regulatory Approval of Our Drug Candidates" and "Risk Factors — Risks Relating to Manufacturing and Commercialisation of Our Drug Candidates" for details of the risks in relation to obtaining regulatory approvals for commercialisation of our drug candidates.

R&D Expenditures

We believe that R&D is crucial to our future success, and we have devoted significant resources to our drug development programmes. During the Track Record Period, our R&D expenditures incurred were all expensed as incurred. Our R&D expenses were RMB103.1 million, RMB79.2 million, RMB27.9 million and RMB37.8 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. Our R&D expenditures are affected by the stage of our existing drug candidates and any additional drug candidates to be developed and the sufficiency of the funding available to us in the respective year/period. We expect to increase our R&D expenditures to progress our drug development programmes.

Potential Competition upon Commercialisation

The development and commercialisation of drug products in China and the U.S. is highly competitive. We face potential competition from different pharmaceutical and biopharmaceutical companies. These entities are, or may be, seeking to develop drugs, therapies and approaches to treat our targeted diseases or their underlying causes. Any drug candidates that we successfully develop and commercialise will compete with existing drugs and new drugs that may become available in the future. Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialise drugs that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than the drugs that we may develop or commercialise. See "Market Opportunity and Competition" under the descriptions of each of our drug candidates in "Business" for details of our major competitors for each drug candidate and "Risk Factors — Risks Relating to Manufacturing and Commercialisation of Our Drug Candidates — We may face fierce competition and our competitors may develop competing drugs. If we fail to effectively compete with our competitors, our competitive position in our target markets may be undermined, our drug candidates may fail to be commercially successful and our business could suffer" for details of the risks associated with potential competition.

Cost Structure

During the Track Record Period, a substantial portion of our costs was in relation to R&D expenses, as well as administrative expenses. Our current R&D activities are mainly related to drug discovery, pre-clinical studies and clinical trials of our drug candidates. Our R&D expenses were RMB103.1 million, RMB79.2 million, RMB27.9 million and RMB37.8 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. Our administrative expenses primarily consist of employee remuneration and benefit expenses, depreciation and amortisation expenses, office-related expenses, and professional services expenses. Our administrative expenses were RMB23.6 million, RMB29.3 million, RMB6.9 million and RMB73.2 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. We expect our administrative expenses to increase in the future to support any commercialisation activities with respect to our drug candidates and the expansion of our operational scale in general, as well as to reflect the expenses incurred in connection with our **[REDACTED]** share award schemes. We also expect to start incurring selling and distribution expenses after the commercialisation of our drug candidates.

We expect our cost structure to evolve as we move our drug candidates, which are currently at earlier clinical stages, into more advanced clinical development stages, advance pre-clinical programmes into clinical trials, and progress our drug candidates to commercialisation.

Financing for our Operations

During the Track Record Period, we funded our cash requirements primarily through **[REDACTED]** from **[REDACTED]**, capital contribution from our Shareholders, government grants and bank loans. We expect that our expenses will continue to increase in connection with our ongoing R&D activities, particularly as we advance the clinical development of our clinical-stage drug candidates. Accordingly, we will likely need to use cash to fund our continuing operations. If we are required to obtain substantial additional funding and are unable to raise capital when needed, on acceptable terms, or at all, we could be forced to delay, reduce, or terminate our drug development programmes or any future commercialisation efforts, which could adversely impact our ability to generate revenue and achieve profitability. See "Risk Factors — Risks Relating to Our Financial Position and Need for Additional Capital".

General Factors Affecting the Pharmaceutical Industry in which We Operate

Our business and operating results are affected by general factors affecting the pharmaceutical industry in which we operate, including, but not limited to, relevant laws and regulations, governmental policies and initiatives, and public medical insurance programmes affecting the pharmaceutical market in the PRC and the United States, the growth and competitive environment of the global pharmaceutical market, as well as political, economic, and social instability of different local markets in which we currently conduct, or plan to conduct, clinical trials and/or commercialisation activities.

MATERIAL ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENT AND ESTIMATION

The preparation of our financial statements in conformity with HKFRS Accounting Standards requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on our historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgements made by our management in the application of HKFRS Accounting Standards that have significant effect on the financial statements. Our critical accounting policies include fair value measurement, impairment of non-financial assets, property, plant and equipment and depreciation, intangible assets (other than goodwill), R&D expenses, redemption liabilities on equity shares, share-based payments and investments and other financial assets, the details of which are set out in Note 2.3 to the Accountant's Report as set out in Appendix I to this document.

RESULTS OF OPERATIONS

The following table sets out a summary of our consolidated profit or loss and other comprehensive loss for the years/ periods indicated, as derived from our consolidated statements of comprehensive income set out in the Accountant's Report included in Appendix I to this document:

	For the year ended 31 December		For the five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue	4,690	1,268	312	557,741
Cost of sales	(2,376)	(1,116)	(255)	(1,829)
Gross profit	2,314	152	57	557,912
Other income and gains	15,129	8,469	1,555	2,727
Research and development costs	(103,096)	(79,196)	(27,945)	(37,758)
Administrative expenses	(23,596)	(29,292)	(6,905)	(73,192)
Other expenses	(1,417)	(135)	(76)	(10,209)
Finance costs	(41,109)	(43,529)	(17,504)	(27,167)
(Loss)/profit before tax	(151,775)	(143,531)	(50,818)	410,313
Income tax expense	—	—	—	(55,742)
(Loss)/profit and total comprehensive (loss)/income for the year/period	(151,775)	(143,531)	(50,818)	354,571

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We are a clinical-stage biotechnology company. We did not generate any revenue from the sale of pharmaceutical products during the Track Record Period. Our revenue amounted to approximately RMB4.7 million, RMB1.3 million, RMB0.3 million and RMB557.7 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. Our revenue generated in the years ended 31 December 2025 and 2026, and the five months ended 31 May 2025 primarily derived from our R&D services provided to certain biotechnology companies based in Shanghai and Suzhou. Our revenue generated during the five months ended 31 May 2026 primarily in connection with the upfront payment received from Gilead Sciences under the license-out arrangement we entered into with it in February 2026.

Cost of Sales

Our cost of sales amounted to RMB2.4 million, and RMB1.1 million, RMB0.3 million and RMB1.8 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. Our costs of sales incurred in the years ended 31 December 2025 and 2026, and the five months ended 31 May 2025 primarily represented the labour costs in connection with the provision of R&D services to the aforesaid said biotechnology companies based in Shanghai and Suzhou, as well as costs for consumables and provision for technology services. Our cost of sales incurred during the five months ended 31 May 2026 was primarily attributable to costs incurred in connection with the upfront payment received from Gilead Sciences under the license-out arrangement we entered into with it in February 2026.

Gross Profit

Our gross profit amounted to RMB2.3 million, and RMB0.2 million, RMB0.1 million and RMB555.9 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively.

Other Income and Gains

Our income and gains amounted to RMB15.1 million, RMB8.5 million, RMB1.6 million and RMB2.7 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively.

During the Track Record Period, our other income primarily consisted of (i) government grants, (ii) bank interest income, (iii) interest income from debt investments at FVTOCI, and (iv) interest income from a related party. During the Track Record Period, our gains primarily consisted of (i) fair value gains on financial assets at FVTPL, (ii) net foreign change gains, and (iii) gains on termination of a lease contract. The following table sets out a breakdown of our other income and gains for the years/periods indicated:

	For the year ended 31 December				For the five months ended 31 May			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Other Income								
Government grants	12,060	79.7	7.360	86.9	913	58.7	545	20.0
Bank interest income	248	1.6	266	3.1	20	1.3	192	7.0
Interest income from debt investments at FVTOCI	1,270	8.4	489	5.8	372	23.9	—	—
Interest income from a related party	192	1.3	196	2.3	153	9.8	—	—
Others	99	0.7	99	1.2	42	2.7	—	—
Sub-total	13,869	91.7	8,410	99.3	1,500	96.5	737	27.0

	For the year ended 31 December				For the five months ended 31 May			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Gains								
Fair value gains on financial assets at FVTPL	990	6.6	4	0.1	—	—	1,990	73.0
Foreign exchange gains, net	82	0.5	—	—	—	—	—	—
Gains on termination of a lease contract	188	1.2	—	—	—	—	—	—
Others	—	—	55	0.6	55	3.5	—	—
Sub-total	1,260	8.3	59	0.7	55	3.5	1,990	73.0
Total	15,129	100.0	8,469	100.0	1,555	100.0	2,727	100.0

During the Track Record Period, the largest portion of our other income and gains were government grants, consisted of the subsidies received from the governments as rewards of the our contribution to technology innovation in connection with our clinical trials, recognition as a "2021 Potential Unicorn Enterprise in the Southern Jiangsu National Independent Innovation Demonstration Zone" (蘇南國家自主創新示範區潛在獨角獸企業) and our other achievements (including but not limited to recognition as a "2023 Gusu Major Innovation Team" (姑蘇重大創新團隊).

Bank interest incomes represented the earnings of our non-fixed deposits at interest-bearing bank accounts.

Interest income from debt investments at FVTOCI represented the interest earnings on our certificates of deposits, that were recorded at fair value through other comprehensive income.

Interest income from a related party represented the interests accrued from an interest-bearing loan to one of our Directors, which had been fully repaid by the relevant Director.

Other income primarily included the lease income as we sub-leased certain workstations on our working premise to an independent third party.

Fair value gains on financial assets at FVTPL represented an increase in value in connection with our certain financial assets that had been measured at fair value through profit or loss. These financial assets were mainly structured deposits that we purchased from financial institutions in the PRC.

Gains on termination of a lease contract represented the realisation of reduction in our future lease liabilities, as we terminated a lease agreement for the purpose of cost control, taking into consideration of our operating needs.

R&D Costs

During the Track Record Period, our R&D costs consisted of (i) trial and testing expenses, (ii) employee expenses, (iii) depreciation and amortisation, (iv) material and consumable expenses, and (v) other expenses including patent, registration and regulatory compliance expenses in connection with our R&D activities. The following table sets out a breakdown of our R&D costs for the years/ periods indicated:

	For the year ended 31 December				For the five months ended 31 May			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Trial and testing expenses	54,909	53.3	36,656	46.3	11,022	39.5	15,731	41.7
Employee expenses	29,359	28.5	27,988	35.3	11,527	41.2	14,143	37.5
Depreciation and amortisation expenses	11,603	11.3	6,853	8.7	2,905	10.4	2,774	7.3
Material and consumable expenses	1,648	1.6	2,685	3.4	735	2.6	118	0.3
Others	5,577	5.3	5,014	6.3	1,756	6.3	4,992	13.2
Total	103,096	100.0	79,196	100.0	27,945	100.0	37,758	100.0

Our R&D costs attributable to our Core Product, GH21 were RMB41.9 million, RMB17.3 million and RMB15.7 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2026, respectively; representing 40.7%, 21.9% and 41.7% of our total R&D costs in the respective year/ period. The following table sets out a breakdown of our R&D costs by drug candidates for the years/ period indicated:

	For the year ended 31 December				For the five months ended 31 May	
	2024		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
GH21	41,946	40.7	17,306	21.9	15,725	41.7
GH55	8,727	8.5	2,297	2.9	1,879	5.0
GH56	14,572	14.1	15,497	19.6	10,917	28.8
GH2616	14,193	13.8	7,107	9.0	278	0.8
Other drug candidates	23,658	22.9	36,989	46.7	8,959	23.7
Total	**103,096**	**100.0**	**79,196**	**100.0**	**37,758**	**100.0**

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee remuneration and benefit expenses, (ii) professional service expenses, (iii) office-related expenses, (iv) depreciation and amortisation expenses and (v) **[REDACTED]**. Our administrative expenses amounted to RMB23.6 million, RMB29.3 million, RMB6.9 million and RMB73.2 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026. The following table sets out a breakdown of our administrative expenses for the years/ periods indicated:

	Year ended 31 December				Five months ended 31 May			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Employee remuneration and benefit expenses	11,029	46.7	11,611	39.6	3,508	50.8	13,328	18.2
Professional service expenses	4,759	20.2	4,915	16.8	1,048	15.2	8,175	11.2
Office-related expenses	1,965	8.3	2,021	6.9	332	4.8	262	0.4
Depreciation and amortisation expenses	1,595	6.8	546	1.9	278	4.0	361	0.5
[REDACTED]	2,307	9.8	8,203	28.0	827	12.0	7,803	10.7
Share-based payment expenses	273	1.2	47	0.2	19	0.3	41,337	56.4
Others	1,668	7.0	1,949	6.6	893	12.9	1,926	2.6
Total	23,596	100.0	29,292	100.0	6,905	100.0	73,192	100.0

Employee remuneration and benefit expenses consisted of staff costs of our management and administrative personnel, including their basic salary, bonus and pension. Employee remuneration and benefit expenses constituted the largest portion of our administrative expenses during the Track Record Period.

Professional service expenses represented the fees incurred in connection with the engagement of professional parties, such as financial advisers and legal advisers' fees, which were not pertinent to the **[REDACTED]**.

Office-related expenses represented the expenses incurred in connection with the operation of our offices, including public utility fees and maintenance fees.

Depreciation and amortisation expenses represented the depreciation of leased office premises and property, plant and equipment for administrative use; and amortisation of our intangible assets such as software.

[REDACTED] represented the service fees paid to the professional parties in connection with the **[REDACTED]**.

Share-based payment expenses represented the equity-settled share-based compensation recognised to the participants of our **[REDACTED]** Share Incentive Scheme.

Other Expenses

During the Track Record Period, our other expenses mainly consisted of other operating costs and non-operating expenses such as loss on disposal of property, plant and equipment.

Finance Costs

During the Track Record Period, our finance costs mainly consisted of (i) interest on redemption liabilities, (ii) interest on bank borrowings, and (iii) interest on lease liabilities. Our finance costs amounted to RMB41.1 million, RMB43.5 million, RMB17.5 million and RMB27.2 million for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, respectively. The following table sets out a breakdown of our finance costs for the years/ periods indicated:

	For the year ended 31 December				Five months ended 31 May			
	2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
					(Unaudited)			
Interest on redemption liabilities on equity shares	38,390	93.4	40,775	93.7	16,340	93.4	26,188	96.4
Interest on bank borrowings	2,522	6.1	2,522	5.8	1,054	6.0	895	3.3
Interest on lease liabilities	197	0.5	232	0.5	110	0.6	84	0.3
Total	41,109	100.0	43,529	100.0	17,504	100.0	27,167	100.0

Income Tax

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operated.

During the Track Record Period, we did not generate any revenue from the sale of pharmaceutical products. We also incurred operating losses for the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025. For the years ended 31 December 2024 and 2025, and the five months ended 31 May 2025 and 2026, our income tax were nil, nil, nil and RMB55.7 million, respectively. The income tax expense amounting to RMB55.7 million for the five months ended 31 May 2026 represented the withholding income tax deriving from the payment received from Gilead Sciences under our license-out arrangement with it.

PRC Corporate Income Tax

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations ("**CIT Law**"), our Company and our PRC subsidiaries are subject to CIT at a rate of 25% on the taxable income.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The Five Months Ended 31 May 2025 Compared to the Five Months ended 31 May 2026

Revenue

Our revenue increased by RMB557.4 million, or 178,663.1%, from RMB0.3 million for the five months ended 31 May 2025 to RMB557.7 million for the five months ended 31 May 2026, primarily due to that we entered into a license-out arrangement with Gilead Sciences in respect of GH31, and received the non-refundable upfront payment of US$80.0 million (pre-tax) in 2026.

Cost of sales

Our cost of sales increased by RMB1.6 million, or 617.3%, from RMB0.3 million for the five months ended 31 May 2025 to RMB1.8 million for the five months ended 31 May 2026. Such increase was primarily due to the increase in cost of sales related to revenue derived from our collaboration with Gilead Sciences.

Gross profit

Our gross profit increased by RMB555.9 million from RMB0.1 million for the five months ended 31 May 2025 to RMB555.9 million for the five months ended 31 May 2026, primarily driven by revenue from the license-out arrangement with Gilead, which outpaced the associated cost of sales.

Other income and gains

Our other income and gains increased by RMB1.2 million, or 75.4%, from RMB1.6 million for the five months ended 31 May 2025 to RMB2.7 million for the five months ended 31 May 2026, attributable to our purchase of wealth management products.

R&D costs

Our R&D costs increased by RMB9.9 million, or 35.5%, from RMB27.9 million for the five months ended 31 May 2025 to RMB37.8 million for the five months ended 31 May 2026, primarily attributable to an increase in clinical trial expenses for the five months ended 31 May 2026, mainly attributable to increased clinical trial expenses for GH56 and GH21, as well as higher staff costs, mainly resulting from a headcount increase in our R&D team.

Administrative expenses

Our administrative expenses increased by RMB66.3 million, or 960.9%, from RMB6.9 million for the five months ended 31 May 2025 to RMB73.2 million for the five months ended 31 May 2026, primarily due to (i) equity-settled share-based payment expenses of RMB41.3 million recognised in relation to the share awards granted in January 2026, (ii) an increase in staff costs, including bonus paid to relevant business development staff, and (iii) an increase in **[REDACTED]**.

Other expenses

Our other expenses increased by RMB10.1 million, or 10,100%, from RMB0.1 million for the five months ended 31 May 2025 to RMB10.2 million for the five months ended 31 May 2026, primarily attributable to exchange rate fluctuations, consisting of (i) foreign exchange losses, net, of RMB5.1 million, arising from the depreciation of the U.S. dollar in this period, and (ii) fair value losses of RMB5.1 million on financial liabilities at FVTPL, arising from the swap products we purchased.

Finance costs

Our finance costs increased by RMB9.7 million, or 55.2%, from RMB17.5 million for the five months ended 31 May 2025 to RMB27.2 million for the five months ended 31 May 2026, primarily attributable to an increase in interest on redemption liabilities on owners' capital from RMB16.3 million for the five months ended 31 May 2025 to RMB26.2 million for the five months ended 31 May 2026.

(Loss)/profit and total comprehensive (loss)/income for the period

As a result of the foregoing, our loss for the period of RMB50.8 million for the five months ended 31 May 2025 turned into a profit for the period of RMB354.6 million for the five months ended 31 May 2026.

The Year Ended 31 December 2025 Compared to The Year ended 31 December 2024

Revenue

Our revenue decreased by RMB3.4 million, or 72.3%, from RMB4.7 million for the year ended 31 December 2024 to RMB1.3 million for the year ended 31 December 2025, primarily due to the declining needs for our R&D services from our customers, while existing services had been progressively delivered during the year. Nonetheless, the provision of R&D services is not our strategic focus going forward.

Cost of sales

Our cost of sales decreased by RMB1.3 million, or 53.3%, from RMB2.4 million for the year ended 31 December 2024 to RMB1.1 million for the year ended 31 December 2025. Such decrease was commensurate with the decrease in our revenue during the year, as most of our cost of sales was incurred in relation to the provision of our R&D services.

Gross profit

Our gross profit decreased by RMB2.2 million, or 93.4%, from RMB2.3 million for the year ended 31 December 2024 to RMB0.1 million for the year ended 31 December 2025, the decrease in revenue, combined with relatively stable fixed costs, and higher unit variable costs including consumables and technical service fees associated with the R&D services we provided.

Other income and gains

Our other income and gains decreased by RMB6.7 million, or 44.0%, from RMB15.1 million for the year ended 31 December 2024 to RMB8.5 million for the year ended 31 December 2025. Such decrease was primarily attributable to (i) a decrease in our government grants received during the year, (ii) a decrease in interest income from debt investments at FVTOCI, and (iii) a decrease in fair value gain on financial assets at FVTPL. Government grants were generally subsidies based on the specific project and subject to fluctuations in accordance with the policies applicable in each year. The decrease in interest income from debt investments at FVTOCI and the decrease in fair value gain on financial assets at FVTPL were due to the disposal of high-value certificates of deposit considering our liquidity needs during the year.

R&D costs

Our R&D costs decreased by RMB23.9 million, or 23.2%, from RMB103.1 million for the year ended 31 December 2024 to RMB79.2 million for the year ended 31 December 2025, primarily attributable to a decrease in the trial and testing expenses in connection with the development progress on our pipelines; and a decrease in depreciation and amortisation expenses during the year. Specifically, for our Core Product GH21, in 2024, we initiated multiple combination studies and primarily focused on dose exploration, which required enrolling patients while simultaneously monitoring and adjusting doses based on observations. As a result, a relatively larger number of patients were enrolled in 2024. In 2025, by contrast, our programs primarily focused on follow-up of enrolled patients and dose-finding to identify a safe and tolerable dosing regimen, with fewer new enrolments. This led to lower hospital and SMO costs, thereby contributing to the overall decline in R&D expenses in 2025. Additionally, at the project initiation stage, substantial prepayments were made, which also contributed to the higher expenses recorded in 2024.

Administrative expenses

Our administrative expenses increased by RMB5.7 million, or 24.1%, from RMB23.6 million for the year ended 31 December 2024 to RMB29.3 million for the year ended 31 December 2025, primarily due to an increase in **[REDACTED]**, partially offset by a decrease in our depreciation and amortisation expenses during the year.

Other expenses

Our other expenses decreased by RMB1.3 million, or 90.5%, from RMB1.4 million for the year ended 31 December 2024 to RMB0.1 million for the year ended 31 December 2025, primarily attributable to a decrease in our non-operating expenses, representing the loss incurred in connection with disposal of certain assets during the year.

Finance costs

Our finance costs remained relatively stable at RMB41.1 million and RMB43.5 million for the years ended 2024 and 2025, respectively.

Loss for the year

As a result of the foregoing, our loss for the year decreased by RMB8.3 million, or 5.5%, from RMB151.8 million for the year ended 31 December 2024 to RMB143.5 million for the year ended 31 December 2025.

SELECTED BALANCE SHEET ITEMS

Net Current Liabilities

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

	As of 31 December 2024	As of 31 December 2025	As of 31 May 2026	As of 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current assets				
Trade receivables	250	525	164	156
Prepayments, other receivables and other assets	5,774	8,462	14,357	12,548
Amount due from a related party	9,192	—	—	—
Contract costs	—	386	545	772
Debt investments at fair value through other comprehensive income ("**FVTOCI**")	31,501	—	—	—
Financial assets at fair value through profit or loss ("**FVTPL**")	—	35,004	551,462	301,258
Restricted bank deposits	—	—	7,000	7,000
Cash and cash equivalents	24,773	69,466	98,270	344,472
Sub-total	71,490	113,843	671,798	666,206
Current liabilities				
Trade and other payables	28,890	42,616	40,045	335,147
Interest-bearing bank borrowings	17,020	36,180	43,992	47,798
Lease liabilities	2,847	3,994	4,208	4,121
Financial liabilities at FVTPL	—	—	5,067	5,504
Redemption liabilities on equity shares	615,071	788,346	990,834	996,111
Sub-total	663,828	871,136	1,084,146	1,088,681
Net current liabilities	(592,338)	(757,293)	(412,348)	(422,475)

We had net current liabilities at RMB592.3 million as of 31 December 2024, and net current liabilities at RMB757.3 million as of 31 December 2025. The increase in our net current liabilities was primarily due to an RMB173.3 million increase in redemption liabilities on equity shares and accretion of interests thereon, an RMB19.2 million increase in interest-bearing bank borrowings, an RMB13.7 million trade and other payables, an RMB31.5 million decrease in our debt investments at FVTOCI which represents our investments in certificate of deposit issued by banks in Chinese mainland, and an RMB9.2 million decrease in amount due from a related party, partially offset by RMB44.7 million increase in cash and cash equivalents and RMB35.0 million increase in financial assets at FVTPL.

Our net current liabilities decreased to RMB412.3 million as of 31 May 2026, due to an RMB516.5 million increase in financial assets at fair value through profit or loss and an RMB28.8 million increase in cash and cash equivalents, partially offset by an RMB202.5 million increase in redemption liabilities on equity shares. Our net current liabilities increased to RMB422.5 million as of 30 June 2026, primarily due to that an decrease of RMB250.2 million in our financial assets at FVTPL and an increase of RMB5.3 million in our redemption liabilities on equity shares, partially offset by an increase of RMB246.2 million in our cash and cash equivalents and an decrease of RMB4.9 million in our trade and other payables.

We seek to improve our liquidity and net current liabilities as well as ensure our working capital sufficiency going forward by driving our operating cash flow and improving our net current liabilities position through (i) the sales of future commercialised products by optimising the marketing plans of our drug candidates; (ii) adopting and implementing enhanced cost control measures, including (a) prioritising resource allocation based on the development stage of each pipeline, and focusing on our core assets such as GH21 and GH56, especially during key phases, to improve the cost-efficiency of R&D spending; (b) our finance department will implement comprehensive budgeting and ongoing performance monitoring, coordinating departmental budget preparation annually (or more frequently when management deems necessary) and conducting semi-annual (or ad-hoc) reviews of budget utilisation, enabling dynamic tracking of execution, timely detection and control of unjustified expenses; and (c) our finance department and management will conduct thorough necessity assessments for significant expenditures, enforce strict control over payment milestones (e.g., releasing payments only after full acceptance of each service phase), and optimise the structure and overall effectiveness of fund utilisation; (iii) obtaining possible future development and regulatory milestone, commercial milestone, and tiered royalty payments from GH31's collaboration arrangement, in addition to the upfront payment we have received; and (iv) successfully launching the **[REDACTED]** to obtain the **[REDACTED]**. We will closely monitor the level of our working capital, particularly in view of our strategy to scale up our organisation to build an international platform.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of construction in progress, electronic devices, furniture and equipment. Our property, plant and equipment amounted to RMB11.4 million and RMB6.8 million as of 31 December 2024 and 2025, respectively. The decrease in the balance of our property, plant and equipment during the year was due to the depreciation of our electronic devices, furniture and equipment according to the accounting policies on depreciation we adopted. Our property, plant and equipment increased to RMB37.5 million as of 31 May 2026, primarily attributable to the construction of our facility in Yancheng, Jiangsu province, resulting in an increase in construction in progress of RMB29.4 million.

As of 31 December 2024 and 2025, and 31 May 2026, our management performed assessments on the recoverable amounts of the cash generating units; and no impairment was recorded as of 31 December 2024 and 2025, and 31 May 2026, respectively.

Right-of-use Assets

Our right-of-use assets represent our leased properties consisting of the laboratory and office premises we leased in the normal course of our business operation. Our right-of-use assets amounted to RMB7.4 million and RMB4.4 million as of 31 December 2024 and 2025, respectively. The decrease in the balance of our right-of-use assets during the year was primarily due to the depreciation of our

leased properties. Such decrease was also attributable to the termination of a lease agreement in advance in 2024. Our right-of-use assets increased to RMB6.0 million as of 31 May 2026, due to the lease of premises for our facility in Yancheng, Jiangsu province.

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily consist of (i) rental deposits for our leased office premise in Suzhou and Shanghai, (ii) prepayments to hospitals and other professional institutions, (iii) other receivables, (iv) VAT recoverable, and (v) deferred **[REDACTED]**. Our prepayments, other receivables and other assets increased from RMB6.6 million as of 31 December 2024 to RMB9.5 million as of 31 December 2025, primarily attributable to (i) an increase in other receivables, due to the performance deposit paid to the Management Committee of Jiangsu Binhai Economic Development Zone Coastal Industrial Park (江蘇濱海經濟開發區沿海工業園管理委員會) in relation to Genhouse Yancheng we newly established in 2025, and (ii) an increase in our deferred **[REDACTED]**. Our prepayment, other receivables and other assets further increased to RMB15.2 million as of 31 May 2026, primarily attributable to the increase in prepayments arising from the accelerated progress of our clinical trials.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables owed to our suppliers, (ii) accrued expenses for R&D services, (iii) salary and bonus payables, and (iv) other payables, (iv) accrued **[REDACTED]**, (v) other taxes liabilities, (vi) contract liabilities; and (vii) interest payables. Our trade and other payables increased from RMB28.9 million as of 31 December 2024 to RMB42.6 million as of 31 December 2025, primarily attributable to increases in our other payables and accrued **[REDACTED]**. We had trade and other payables at RMB40.0 million as of 31 May 2026, and the decrease was primarily due to decrease in salary and bonus payables from RMB10.5 million as of 31 December 2025 to RMB4.9 million as of 31 May 2026, a decrease in other taxes payables from RMB2.7 million as of 31 December 2025 to RMB0.7 million as of 31 May 2026, and a decrease in other payables from RMB8.7 million as of 31 December 2025 to RMB4.4 million as of 31 May 2026, partially offset by an increase in our payables for property, plant and equipment from nil as of 31 December 2025 to RMB6.8 million as of 31 May 2026, and an increase in our accrued expenses for research and development services from RMB9.3 million as of 31 December 2025 to RMB13.6 million as of 31 May 2026.

As of 30 June 2026, RMB10.4 million, or 25.6% of our trade and other payables as of 31 May 2026, had been subsequently settled.

Redemption Liabilities on Equity Shares

Our redemption liabilities on equity shares represents our financing since the incorporation. Specifically, we recognised redemption liabilities which represent the amount owed to the holders of redeemable Shares under the **[REDACTED]** agreements we have with our **[REDACTED]**. Redemption liabilities arise from our contractual undertakings to repurchase certain equities as pre-determined prices as stipulated in the said **[REDACTED]** agreements. Specifically, we are required to redeem the Shares our **[REDACTED]** hold if certain events occur (for example, the proposed **[REDACTED]** is not consummated within a certain period of time). See "History, Development and Corporate Structure — **[REDACTED]**". As of 31 December 2024 and 2025, and 31 May 2026, our redemption liabilities on equity shares amounted to RMB615.1 million, RMB788.3 million and RMB990.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our use of cash during the Track Record Period primarily related to our R&D activities and administrative costs incurred in the normal course of our business operations. During the Track Record Period, we funded our cash requirements principally through our cash inflow from the **[REDACTED]** from **[REDACTED]**, capital contribution from our Shareholders, bank borrowings, government grants, and the revenue from the provision of R&D services. Although we recorded net current liabilities and net liabilities during the Track Record Period, our Directors are of the view, and the Sole Sponsor concurs with the Directors' view that, taking into account the financial resources available to our

Group, including cash and cash equivalents, financial assets at FVTPL, the upfront payment from GH31's collaboration arrangement, and the estimated **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital to cover at least 125% of our costs, including administrative and operating costs as well as R&D costs, for at least 12 months from the date of publication of this document.

As of 31 May 2026, we had unutilised bank facilities of RMB45.0 million, none of which were restricted. We experienced no 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, and we do not anticipate any changes to the availability of bank loans to finance our operations in the future and **[REDACTED]** from the **[REDACTED]**. We estimate that we will receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** million after deducting professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]** at the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**.

Our cash burn rate refers to the average monthly (i) net cash used in operating activities, including R&D expenses; (ii) capital expenditures; and (iii) lease payments. We estimate that we will receive **[REDACTED]** of approximately HK$**[REDACTED]** million in the **[REDACTED]**, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the **[REDACTED]** of the indicative **[REDACTED]** stated in this document. Assuming an average cash burn rate going forward of [4.3] times the level in 2025, we estimate that (i) our cash and cash equivalent, financial assets at FVTPL and restricted bank deposits as of 30 June 2026 will be able to maintain our financial viability for **[REDACTED]** months and (ii) if we take into account all estimated **[REDACTED]** from the **[REDACTED]**, **[REDACTED]** months. Our Directors and our management team will continue to monitor our working capital, cash flows, and our business development progress.

Cash Operating Costs

The following table sets out the components of our cash operating costs for the years/ period indicated:

	For the year ended 31 December		For the five months ended 31 May
	2024	**2025**	**2026**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Cost relating to R&D of our Core Product, GH21			
Trial and testing expenses	28,902	9,042	6,952
Staff cost	9,809	8,640	6,459
Raw material and consumables costs	158	36	2
Others	1,527	520	587
Subtotal	40,396	18,328	14,000
Costs relating to R&D of our other drug candidates			
Trial and testing expenses	32,951	31,917	7,105
Staff cost	19,407	21,031	8,620
Raw material and consumables costs	2,271	2,184	220
Others	3,588	4,119	794
Subtotal	58,217	59,251	16,739
Total	98,613	77,489	30,739

Cash Flows

The following table sets out a summary of our consolidated statements of cash flows for the years/periods indicated:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Operating activities:				
(Loss)/profit before tax	(151,775)	(143,531)	(50,818)	410,313
Adjustments for:				
Bank interest income	(248)	(266)	(20)	(192)
Interest income from debt investments at FVTOCI	(1,270)	(489)	(372)	—
Interest income from a related party	(192)	(196)	(153)	—
Finance costs	41,109	43,529	17,504	27,167
Fair value gain on financial assets at fair value through profit or loss ("**FVTPL**")	(990)	(4)	—	(1,990)
Fair value loss on financial liabilities at FVTPL	—	—	—	5,067
Loss on disposal of items of property, plant and equipment, net	1,358	60	57	—
Gain on termination of a lease contract	(188)	—	—	—
Depreciation of property, plant and equipment	10,080	4,691	2,012	1,876
Depreciation of right-of-use assets	3,133	2,998	1,249	1,400
Amortisation of other intangible assets	272	54	54	—
Net foreign exchange (gains)/losses, net	(82)	37	3	281
Equity-settled share-based payment expenses	703	476	201	44,948
Increase in trade receivables	(240)	(275)	150	361
Increase in prepayments, other receivables and other assets	(2,291)	(300)	(1,834)	(4,757)
Increase in contract costs	—	(386)	(244)	(159)
(Decrease)/increase in trade and other payables	(6,401)	11,941	3,542	(8,913)
Income tax paid	—	—	—	(55,742)
Net cash flows used in operating activities	(107,022)	(81,661)	(28,669)	419,660
Investing activities:				
Interest received	248	266	20	192
Purchases of items of property, plant and equipment	(127)	(365)	(4)	(25,514)
Proceeds from disposal of items of property, plant and equipment	18	—	—	—
Loans to a related party	(9,000)	(3,000)	(3,000)	—
Repayment of loans to a related party	—	12,388	—	—
Placement of restricted bank deposits	—	—	—	(7,000)
Purchase of financial assets at FVTPL	(450,000)	(35,000)	—	(685,000)
Proceeds from disposal of financial assets at FVTPL	501,213	—	—	170,532
Proceeds from disposal of debt investments at FVTOCI	10,539	31,990	21,152	—
Net cash flows from investing activities	52,891	6,279	18,168	(546,790)

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	(RMB'000)	*(RMB'000)*	*(RMB'000) (Unaudited)*	*(RMB'000)*
Financial activities:				
Proceeds from issue of shares	30,000	132,500	—	176,300
New bank borrowings	35,000	15,000	5,000	10,000
Repayments of bank borrowings	(6,500)	(22,120)	(3,500)	(25,600)
Interest paid	(2,525)	(2,508)	(774)	(737)
[REDACTED] paid	(308)	(617)	(126)	(1,564)
Repayment of lease payments	(3,497)	(2,143)	(979)	(2,184)
Net cash flows from/(used in) financing activities	52,170	120,112	(379)	156,215
Net (decrease)/increase in cash and cash equivalents	(1,961)	44,730	(10,880)	29,085
Cash and cash equivalents at beginning of year/ period	26,652	24,773	24,773	69,466
Effect of foreign exchange rate changes, net	82	(37)	(3)	(281)
Cash and cash equivalents at the end of the year/ period	24,773	69,466	13,890	98,270

Net Cash Used in Operating Activities

We have incurred negative cash flows from our operations in the years ended 31 December 2024 and 2025. Our net cash used in operating activities mainly consisted of R&D expenses and administrative expenses. The decrease in net cash used in operating activities from RMB107.0 million in 2024 to RMB81.7 million in 2025 was primarily due to that (i) the increase in prepayments, other receivables and other assets was substantially lower, amounting to RMB0.3 million in 2025 compared to RMB2.3 million in 2024; (ii) we recorded a decrease of RMB6.4 million trade and other payables in 2024 and an increase of RMB11.9 million trade and other payables in 2025; (iii) the loss before tax decreased from RMB151.8 million to RMB143.5 million; and (iv) the depreciation of property, plant and equipment decreased from RMB10.1 million in 2024 to RMB4.7 million in 2025. We recorded a turnaround from net cash used in operating activities of RMB28.7 million in the five months ended 31 May 2025 to net cash generated from operating activities of RMB419.7 million in the five months ended 31 May 2026, primarily due to that we received an upfront payment of RMB557.4 million from Gilead Sciences for the five months ended 31 May 2026.

Net Cash From Investing Activities

Our cash flows from investment activities primarily related to the proceeds from disposal of financial assets at FVTPL and the proceeds from disposal of debt investments at FVTOCI.

Our net cash used in investing activities was RMB546.8 million for the five months ended 31 May 2026, primarily consisting of the purchase of financial assets at FVTPL amounting to RMB685.0 million, partially offset by the proceeds from disposal of financial assets at FVTPL amounting to RMB170.5 million.

Our net cash generated from investing activities was RMB6.3 million for the year ended 31 December 2025, primarily consisting of RMB32.0 million of proceeds from disposal of debt investments at FVTOCI and RMB12.4 million of proceeds from the repayment of loans to a related party, partially offset by the purchase of financial assets at FVTPL amounting to RMB35.0 million.

Our net cash generated from investing activities was RMB52.9 million for the year ended 31 December 2024, primarily consisting of RMB501.2 million of proceeds from proceeds from disposal of financial assets at FVTPL, partially offset by the purchase of financial assets at FVTPL amounting to RMB450.0 million.

Net Cash From Financing Activities

Our cash flows generated from financing activities primarily reflected our proceeds from our new bank borrowing and issue of new Shares of our Company during the Track Record Period.

Our net cash generated from financing activities was RMB156.2 million for the five months ended 31 May 2026, primarily consisting of the proceeds from issue of shares amounting to RMB176.3 million, partially offset by repayment of bank borrowings amounting to RMB25.6 million.

Our net cash generated from in financing activities was RMB120.1 million for the year ended 31 December 2025, primarily consisting of RMB132.5 million of proceeds from issue of new Shares, partially offset by RMB22.1 million of repayments of bank borrowings.

Our net cash generated from financing activities was RMB52.2 million for the year ended 31 December 2024, primarily consisting of RMB35.0 million of proceeds from new bank borrowings and RMB30.0 million of proceeds from issue of new Shares of our Company, partially offset by RMB6.5 million of repayment of bank borrowings and RMB3.5 million of repayment of lease payments.

INDEBTEDNESS

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

	As of 31 December 2024	As of 31 December 2025	As of 31 May 2026	As of 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current liabilities				
Interest-bearing bank borrowings	17,020	36,180	43,922	47,798
Lease liabilities	2,847	3,994	4,208	4,121
Redemption liabilities on equity shares	615,071	788,346	990,834	996,111
Non-current liabilities				
Interest-bearing bank borrowings	58,480	32,200	9,000	15,000
Lease liabilities	4,524	1,466	2,165	2,004
Total indebtedness	697,942	862,186	1,050,129	1,065,034

Interest-bearing Bank Borrowings

During the Track Record Period and up to 30 June 2026, being the latest practicable date for the purpose of indebtedness statement, our loans were all bank loans. As of 31 December 2024 and 2025, and 31 May 2026, our bank loans were approximately RMB75.5 million, RMB68.4 million and RMB53.0 million, respectively. Our bank loans newly obtained in 2026 were unsecured, and denominated in RMB. The following table sets out a breakdown of our bank borrowings as of the dates indicated:

	As of 31 December 2024	As of 31 December 2025	As of 31 May 2026	As of 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current				
Bank loans secured	—	5,004	5,053	5,004
Current portion of long-term bank loans — unsecured	—	—	1,009	5,009
Current portion of long-term bank loans — secured	17,020	31,176	37,930	37,785
Total-current	17,020	36,180	43,992	47,798
Non-current				
Secured bank loans	58,480	32,200	—	—
Unsecured bank loans	—	—	9,000	15,000
Total	75,500	68,380	52,992	62,798

Our interest-bearing bank borrowings were guaranteed by the Chairman of our Board, executive Director and chief executive officer and his spouse. The guarantee has been agreed to be released prior to the **[REDACTED]** by the relevant banks. On this basis, our Directors are of the view that we are able to operate independently from our Group of Controlling Shareholders. See "Relationship with our Group of Controlling Shareholders — Independence from our Group of Controlling Shareholders — Financial Independence".

As of 31 December 2024, 31 December 2025, 31 May 2026 and 30 June 2026, our lease liabilities amounted to approximately RMB7.4 million, RMB5.5 million, RMB6.4 million and RMB6.1 million, respectively. The table below sets out a breakdown of our lease liabilities as of the dates indicated.

	As of 31 December 2024	As of 31 December 2025	As of 31 May 2026	As of 30 June 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*
Current	2,847	3,994	4,208	4,121
Non-current	4,524	1,466	2,165	2,004
Total	7,371	5,460	6,373	6,125

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditure primarily represented purchase of laboratory and electronic devices, and construction of our Yancheng facility. For the years ended 31 December 2024 and 2025, and the five months ended 31 May 2026, our capital expenditures amounted to approximately RMB0.13 million, RMB0.37 million and RMB25.5 million, respectively.

We have historically funded our capital expenditures primarily through proceeds from capital contribution from our Shareholders, government grants and bank borrowings. Going forward, we expect our capital expenditures will continue to consist primarily of payment of purchase of property, plant and equipment, as we continue to progress our R&D and commercialise our products. We expect to finance our capital expenditures primarily through the **[REDACTED]** from the **[REDACTED]**. We may adjust our capital expenditures for any given period according to our ongoing business needs.

COMMITMENTS

We did not have any material capital commitment as of 31 December 2024. As of 31 December 2025, we had certain lease contract that has not yet commenced. The future lease payments for the non-cancellable lease contracts are RMB586,000 due within one year, RMB2,833,000 due in the second to fifth years, inclusive and RMB117,000 due after five years. As of 31 May 2026, we had capital commitments of RMB8.0 million in respect of construction contracts, entered into in connection with the construction of our Yancheng facility, that had not yet been fully performed. See Note 29 to Accountants' Report as set out in Appendix I in the document for details.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

KEY FINANCIAL RATIO

The following table sets forth our key financial ratio as of the balance sheet dates indicated.

	As of 31 December		As of 31 May
	2024	2025	2026
Current ratio *(note)*	10.8%	13.1%	62.0%

Note: Current ratio represents current assets divided by current liabilities as of the same date.

RELATED PARTY TRANSACTION

During the Track Record Period, the related party transaction represented our loan to one of our Directors at an interest rate of 3.45% and 3.10%, which had been fully repaid as of the Latest Practicable Date. See Note 30 of the Accountants' Report in Appendix I to this document. To ensure optimised corporate governance, we will discontinue all financial assistance received from, or provided to our connected persons upon the **[REDACTED]** and going forward.

FINANCIAL RISKS

We are exposed to various types of financial and market risks, including interest rate risk, foreign currency risk, credit risk, and liquidity risk. Our Directors review and agree on financial management policies and practices for managing each of these risks.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with a floating interest rate. Our exposure to the risk of changes in market interest rates relates primarily to our interest-bearing bank borrowings with a floating interest rate. We do not use derivative financial instruments to hedge its interest rate risk.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from changes in exchange rates. Our foreign currency risk exposure increased as compared to those as of 31 December 2024 and 2025, primarily as a result of our holding of (i) Hong Kong dollar-denominated cash and cash equivalents and (ii) our foreign currency swaps as of 31 May 2026. See Note 33 of the Accountants' Report in Appendix I to this document for details. Nonetheless, our exposure to foreign currency risk is not significant.

Credit Risk

We trade only with recognised 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.

The credit risk of our financial assets, which comprise cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, amount due from a related party and debt investments at FVTOCI, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

We have established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, we do not obtain collateral from customers.

Liquidity Risk

Individual operating entities within our Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. Our policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

DIVIDEND

We have not declared or paid any dividend during the Track Record Period. Our Board is responsible for submitting proposals in respect of dividend payments, if any, to our Shareholders' general meeting for approval. Our Board may declare dividends in the future after taking into account our distributable profits, financial condition, cash flows, expected future capital expenditure, return to

our Shareholders, capital requirements, finance costs, the external financing environment and any other factors that our Directors may deem relevant. We currently do not have a formal dividend policy or fixed pay-out ratio for future cash dividends. Any declaration and payment, as well as the amount of dividends will be subject to the requirements of our Articles and the PRC Company Law. According to the PRC Company Law and our Articles, dividends are distributed to our Shareholders in proportion to their shareholdings. The payment of dividends may also be limited by legal restrictions. 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 Advisers, 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.

DISTRIBUTABLE RESERVES

As of 31 May 2026, we did not have any distributable reserves.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

[REDACTED]

[REDACTED] represent professional fees, **[REDACTED]** commissions, and other fees incurred in connection with the **[REDACTED]**. At the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, the **[REDACTED]** which are payable by us are estimated to amount in aggregate to be approximately HK$**[REDACTED]**, accounting for approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]**.

The total **[REDACTED]** consist of (i) approximately HK$**[REDACTED]** million **[REDACTED]** fees (including **[REDACTED]** commission, incentive fee, SFC transaction levy, Stock Exchange trading fee, and AFRC transaction levy) and (ii) approximately HK$**[REDACTED]** million non-**[REDACTED]** fees mainly comprising (a) fees paid to legal adviser(s) and accountant(s) of approximately HK$**[REDACTED]** million, and (b) other fees and expenses and fees paid to other professional parties of approximately HK$**[REDACTED]** million. Among the total **[REDACTED]**, HK$**[REDACTED]** million already charged to our consolidated statements of profit or loss and other comprehensive income during the Track Record Period, and approximately HK$**[REDACTED]** million is expected to be charged to profit or loss, and approximately HK$**[REDACTED]** million directly attributable to the issue of the Shares is expected to be deducted from equity upon the completion of the **[REDACTED]**. The **[REDACTED]** 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 further details of our unaudited **[REDACTED]** statement of adjusted consolidated net tangible assets.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had no off-balance sheet arrangements.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, having performed reasonable due diligence on our Group, there has been no material adverse change in our financial or trading position or prospects since 31 May 2026 and up to the date of this document.