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You should read the following discussion and analysis in conjunction with our audited consolidated financial information and the respective accompanying notes thereto included in the Accountants’ Report set out in Appendix I to this document which have been prepared in accordance with IFRS. Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain 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 forth in “Forward-looking Statements” and “Risk Factors.” In evaluating our business, you should carefully consider the information provided in this document including but not limited to the sections headed “Risk Factors” and “Business” in this document.

OVERVIEW

We are an integrated biopharmaceutical company dedicated to the discovery, development, and commercialization of innovative small-molecule and biologic therapies, with a strategic focus on oncology, autoimmune diseases, and hemostasis/hematology. During the Track Record Period, we achieved steady revenue growth in line with the increased sales of our pharmaceutical products. We recorded revenue of RMB383.6 million, RMB531.5 million, RMB810.2 million, RMB375.5 million and RMB1,204.4 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. Our gross profit amounted to RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. During the same periods, our gross profit margin was 92.6%, 93.6%, 90.0%, 88.8% and 94.5%, respectively. We had net losses of RMB295.1 million, RMB150.3 million, RMB165.1 million, RMB68.1 million in 2023, 2024, 2025 and the six months ended June 30, 2025, respectively, which primarily resulted from significant R&D expenses and selling and distribution expenses. We had net profit of RMB640.0 million in the six months ended June 30, 2026, primarily attributable to the upfront payment received from AbbVie in accordance the AbbVie Agreement. See “Business — Our Collaboration and License Arrangement” for details.

We expect to continue incurring significant expenses for at least the next several years as we further advance our clinical development and preclinical research plans, and prepare for the commercialization of our drug candidates while expanding market penetration of our marketed products. 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 and regulatory approval timeline.

BASIS OF PREPARATION

Our historical financial information has been prepared based on the accounting policies set out in Note 4 to the Accountants’ Report contained in Appendix I to this document which conform with the International Financial Reporting Standards (“IFRSs”), issued by International Accounting Standards Board (the “IASB”). In addition, our historical financial information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules. The IASB has issued a number of new and revised IFRSs. For the purpose of preparing our historical financial information, we have adopted the accounting policies which conform with all applicable new and revised IFRSs that are effective for the Track Record Period, consistently throughout the Track Record Period.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The following are the principal factors that have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects:

Growth of China’s Pharmaceutical Market, and in Particular, the Therapeutic Areas We Focus on

Our results of operations depend significantly on the overall growth of China’s pharmaceutical market, and in particular, the therapeutic areas we focus on. As of the Latest Practicable Date, we have built a diversified pipeline anchored in small-molecule targeted therapies and immunotherapies for oncology, while also extending to autoimmune diseases and hemostasis. According to Frost & Sullivan, China’s oncology drug market amounted to RMB279.1 billion in 2025 and is projected to reach RMB980.0 billion by 2035. China’s autoimmune disease drug market amounted to RMB38.0 billion in 2025, and is expected to reach RMB313.4 billion by 2035. The market for surgical topical hemostatic agents in China has reached RMB9.9 billion in 2025 and is projected to grow steadily to RMB18.9 billion by 2035. In addition, China’s myelofibrosis drug market size reached RMB2.1 billion in 2025 and is projected to reach RMB3.3 billion in 2035. China’s rhTSH drug market size reached RMB31.7 million in 2025, and is projected to reach RMB2.6 billion by 2035.

China’s pharmaceutical market is expected to accelerate, driven by several socio-economic and policy factors. Population aging continues to expand the pool of patients with chronic diseases and multimorbidity, fueling sustained demand for long-term biopharmaceutical innovation. Rising healthcare expenditure, supported by economic growth, is improving both affordability and accessibility to innovative drugs. In parallel, the PRC government has rolled out favorable policies, while accelerating the inclusion of high-value therapies into NRDL through annual updates and price negotiations. These measures, combined with streamlined evaluation processes and growing commercial insurance coverage for rare disease drugs, have created a robust and flexible reimbursement environment for innovative treatments. In general, China’s overall pharmaceutical market is expected to continue to rise from RMB1,654.6 billion in 2025 to RMB3,017.6 billion by 2035. See “Industry Overview” for more details.

We believe our innovative and diversified pipeline positions us to capture growth opportunities across oncology, autoimmune and hemostasis/hematology therapeutic areas, arising from the sustained expansion of China’s pharmaceutical market.

Our Ability to Develop, Commercialize and Increase Market Share of Our Drug Products

Our ability to develop new products, replenish our product pipeline with additional product candidates, and increase market share of our commercialized products has had, and will continue to have, a significant impact on our results of operations and business prospects.

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. As a result, we have a proven track record in developing and commercializing innovative drugs that have gained rapid market penetration in China. In recent years, the PRC government has promulgated regulations and guidelines, such as the Several Measures to Support the High-Quality Development of Innovative Pharmaceuticals (支持創新藥高質量發展的若干措施), which introduce measures including optimizing innovative drugs supporting policies, establishing a diversified payment system and streamlining hospital access to such innovative drugs, to strengthen regulation of the pharmaceutical industry and promote the development of innovative drugs. The review process of innovative drugs has been reformed continuously in the recent decade including drugs that treat life-threatening injuries, urgently needed drugs in short supply, and drugs needed for major public health emergencies. Based on this dynamic, we have built a mature product portfolio encompassing commercialized drugs, late-stage clinical candidates and early-stage discovery programs. As of the Latest Practicable Date, we had

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four commercialized drugs and built a diversified product pipeline comprising 10 drug candidates across 29 key clinical programs. Among our drug candidates, there are four candidates with eight indications at BLA/NDA stage or pivotal/Phase III registrational trial stages, seven candidates with multiple indications in Phase I/II clinical trials, and one candidate in preclinical development. See also “Business — Overview — Our Pipeline.”

Our results of operations and business prospects depend on our ability to successfully increase market share of our commercialized products. The sales volume of our commercialized products will be affected by the level of our market penetration. We plan to continue to strengthen our highly specialized sales and distribution network and expand and empower our skilled in-house sales force, which we believe can contribute to the sales growth of our commercialized products. We are also pursuing strategic collaborations with established pharmaceutical companies and distribution partners to extend our reach, accelerate uptake and optimize market penetration.

Our Ability to Enter Medical Insurance Programs and Compete in Pharmaceutical Procurement by Public Medical Institutions in China

The market adoption and sales volume of our products are affected by their inclusion in government-sponsored medical insurance programs. Under China’s public medical insurance programs, patients are entitled to reimbursement for all or a portion of the cost of pharmaceutical products listed in the NRDL or critical illness medical insurance catalogs at national or local levels, depending on the particular program applicable to them. Pharmaceutical products included in these programs are subject to relevant pricing regulation, while such programs can significantly increase its demand and sales volume. As of the Latest Practicable Date, three of our approved products, namely Zepsun[®], Zepuning and Zepuping (for the treatment of myelofibrosis), had been included in the NRDL. Overall, the benefits of having our drugs included in China’s national and provincial medical insurance programs significantly outweighed the countervailing factors during the Track Record Period. We believe these benefits will continue to support our business expansion in the foreseeable future.

Our Cost Structure

Our results of operations are significantly affected by our cost structure, which primarily consists of cost of sales, R&D expenses and selling and distribution expenses. During the Track Record Period, we have devoted significant efforts to continuously improving our production efficiency, and as a result of our cost control efforts, our cost of sales as a percentage of revenue decreased from 7.4% in 2023 to 6.4% in 2024. Although the cost of sales as a percentage of revenue increased to 10.0% in 2025, the increase is consistent with the growth in our sales volume and the change of our commercialized product mix in 2025. Our cost of sales as a percentage of revenue decreased from 11.2% for the six months ended June 30, 2025 to 5.5% for the same period in 2026. For details, see “— Period to Period Comparison of Results of Operations.”

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. As a result, R&D expenses have been and are expected to continue to be a major component in our cost structure, considering our continuous development of innovative drugs. Our R&D expenses amounted to RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For details, see “— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — R&D Expenses.”

During the Track Record Period, we incurred selling and distribution expenses in relation to our sales of marketed pharmaceutical products. Our selling and distribution expenses amounted to RMB250.5 million, RMB271.4 million, RMB465.4 million, RMB211.3 million and RMB284.7 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively. For details, see “— Description of Certain Consolidated Statements of Profit or Loss and Other Comprehensive Income — Selling and Distribution Expenses.”

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We expect our cost structure to evolve as we continue to expand our business. With the ongoing development of innovative drugs, advancing preclinical studies and clinical trials will lead to additional costs, including service fees and R&D staff costs.

MATERIAL ACCOUNTING POLICY INFORMATION AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of our accounting policies, our Directors are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the historical financial information. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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. Our critical accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in Notes 4 and 5 to the Accountants’ Report set out in Appendix I to this document.

Material Accounting Policies

Revenue from Contracts with Customers

Revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, we use a five-step approach to revenue recognition: (i) step 1: identify the contract(s) with a customer, (ii) step 2: identify the performance obligations in the contract, (iii) step 3: determine the transaction price, (iv) step 4: allocate the transaction price to the performance obligations in the contract, and (v) step 5: recognize revenue when (or as) the entity satisfies a performance obligation.

We recognized revenue when (or as) a performance obligation is satisfied, i.e., when “control” of the goods or services underlying the particular performance obligation is transferred to customers. For further details, see Note 4 of the Accountants’ Report in Appendix I to this document.

Sales of Goods

Revenue from the sales of pharmaceutical products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceutical products. We recognize revenue from the sales of pharmaceutical products on a gross basis as it is the principal that controls the goods before transferring them to the customers and is liable for storage, damage and loss of goods, assumes the price fluctuation risks of goods and promises to provide the specified goods under the terms of the contract.

Licensing Revenue

Our licensing revenue may comprise multiple performance obligations, including grants of intellectual property licenses, commitments to provide research and development services, and other deliverables. In accounting for these arrangements, we exercise judgment in developing assumptions to determine the standalone selling price for each performance obligation identified in the contract.

For details material accounting policy information in relation to revenue from contracts with customers, property, plant and equipment, intangible assets and R&D costs, see Note 4 of the Accountants’ Report in Appendix I to this document.

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Significant Accounting Judgements and Estimates

In the process of applying our accounting policies, our management has made some judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the historical financial information as described in detail in Note 5 to the Accountants’ Report in Appendix I to this document.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial are described in detail in Note 5 to the Accountants’ Report in Appendix I to this document.

DESCRIPTION OF CERTAIN 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:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	383,557	531,529	810,188	375,542	1,204,390
Cost of sales	(28,209)	(34,278)	(80,866)	(42,138)	(66,209)
Gross profit	355,348	497,251	729,322	333,404	1,138,181
Other income and gains . . .	138,380	102,376	106,313	56,153	52,722
Selling and distribution expenses	(250,488)	(271,448)	(465,359)	(211,258)	(284,670)
Administrative expenses . . .	(17,584)	(59,636)	(82,654)	(35,132)	(41,342)
R&D expenses	(496,330)	(387,999)	(429,907)	(196,504)	(199,537)
Other expenses	(4,094)	(6,699)	(2,169)	(2,725)	(15,406)
Finance costs	(24,317)	(28,893)	(24,201)	(13,872)	(11,303)
(Loss)/Profit before tax . .	(299,085)	(155,048)	(168,655)	(69,934)	638,645
Income tax credit	3,950	4,749	3,528	1,845	1,365
(Loss)/Profit for the year/period	(295,135)	(150,299)	(165,127)	(68,089)	640,010

Revenue

During the Track Record Period, we generated revenue from sales of pharmaceutical products in the PRC and our licensing activities. In 2025, our licensing revenue arose from upfront fee paid by Lancet under a the Lancet Agreement. In the six months ended June 30, 2026, our licensing revenue arose from upfront fee paid by AbbVie under the AbbVie Agreement, partially offset by a deduction in respect of the upfront fee previously received from Lancet, which has been reversed in our financial statements following the termination of the license and distribution arrangement with Lancet. For details regarding our licensing activities, see “Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement” and “Business — Our Collaboration and License Arrangement.” The following table sets forth a breakdown of our revenue by source of revenue in absolute amounts and as percentages of the total revenue for the periods indicated:

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	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Zepsun®	383,557	100.0	530,044	99.7	602,348	74.3	295,221	78.6	277,424	23.0
Zepuning	-	-	1,485	0.3	161,913	20.0	68,509	18.2	118,859	9.9
Zepuping	-	-	-	-	38,380	4.7	11,812	3.1	143,706	11.9
Zesuning	-	-	-	-	-	-	-	-	9,639	0.8
Sales of Pharmaceutical										
Products	383,557	100.0	531,529	100.0	802,641	99.1	375,542	100.0	549,628	45.6
Licensing	-	-	-	-	7,547	0.9	-	-	654,762	54.4
Total	383,557	100.0	531,529	100.0	810,188	100.0	375,542	100.0	1,204,390	100.0

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) material costs, representing expenses on raw materials and auxiliary materials used for the production of our pharmaceutical products, which primarily consist of chemical raw materials, biologically active pharmaceutical ingredients, APIs, excipients, CDMO processing fees, biological culture media, fillers, and production-related testing reagents, (ii) staff costs, representing employee compensation for our production staff, (iii) manufacturing costs, representing indirect costs necessary for our production, primarily consisting of fuel and power fees, utilities, equipment and building depreciation, factory maintenance, quality management, and salaries of manufacturing staff, (iv) licensing costs, mainly representing clinical trial costs in relation to licensing activities under the AbbVie Agreement, and (v) others, mainly including logistics costs and impairment losses on inventories.

The following table sets forth a breakdown of our cost of sales in absolute amounts and as percentages of the total cost of sales for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Material costs	20,253	71.8	24,616	71.8	32,506	40.2	15,489	36.8	22,694	34.3
Staff costs	896	3.2	1,260	3.7	9,396	11.6	5,310	12.6	6,733	10.2
Manufacturing costs	5,850	20.7	6,908	20.2	33,005	40.8	16,659	39.5	24,305	36.7
Licensing costs	-	-	-	-	-	-	-	-	8,809	13.3
Others	1,210	4.3	1,495	4.4	5,959	7.4	4,680	11.1	3,668	5.5
Total	28,209	100.0	34,278	100.0	80,866	100.0	42,138	100.0	66,209	100.0

The following table sets forth a breakdown of our cost of sales by revenue category in absolute amounts and as percentages of the total cost of sales for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Zepsun®	28,209	-	33,995	99.2	33,051	40.9	15,855	37.6	15,352	23.2
Zepuning	-	-	283	0.8	45,128	55.8	25,714	61.0	25,029	37.8

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	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)		(Unaudited)	
Zepuning	-	-	-	-	2,687	3.3	569	1.4	13,757	20.8
Zesuning	-	-	-	-	-	-	-	-	3,262	4.9
Sales of Pharmaceutical										
Products	28,209	100.0	34,278	100.0	80,866	100.0	42,138	100.0	57,400	86.7
Licensing	-	-	-	-	-	-	-	-	8,809	13.3
Total	28,209	100.0	34,278	100.0	80,866	100.0	42,138	100.0	66,209	100.0

Our material costs significantly increased from RMB24.6 million in 2024 to RMB32.5 million in 2025, primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL. Our material costs increased from RMB15.5 million for the six months ended June 30, 2025 to RMB22.7 million for the same period in 2026, primarily due to the significant growth in sales volumes of Zepuning and Zepuning following its inclusion in the NRDL, as well as the commercialization of Zesuning.

Gross Profit and Gross Profit Margin

Gross profit represents our revenue less our cost of sales. Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit amounted to RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, while our gross profit margin reached 92.6%, 93.6%, 90.0%, 88.8% and 94.5% during the same periods. The following table sets forth a breakdown of our gross profit and gross profit margin by source of revenue for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(Unaudited)		(Unaudited)	
Zepsun®	355,348	92.6	496,049	93.6	569,298	94.5	279,366	94.6	262,072	94.5
Zepuning	-	-	1,202	80.9	116,784	72.1	42,795	62.5	93,830	78.9
Zepuping	-	-	-	-	35,693	93.0	11,243	95.2	129,948	90.4
Zesuning	-	-	-	-	-	-	-	-	6,378	66.2
Sales of Pharmaceutical										
Products	355,348	92.6	497,251	93.6	721,775	90.0	333,404	88.8	492,228	89.6
Licensing	-	-	-	-	7,547	100.0	-	-	645,953	98.7
Total	355,348	92.6	497,251	93.6	729,322	90.0	333,404	88.8	1,138,181	94.5

In 2023 and 2024, all of our gross profit was attributable to sales of pharmaceutical products. In 2025, our total gross profit amounted to RMB729.3 million, taking into account sales of pharmaceutical products as well as licensing activities with Lancet. For the six months ended June

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30, 2025, our gross profit amounted to RMB333.4 million, attributable to sales of pharmaceutical products, while for the six months ended June 30, 2026, our gross profit amounted to RMB1,138.2 million, taking into account sales of pharmaceutical products as well as licensing activities with AbbVie.

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of (i) bank interest income, mainly from our bank deposits on A-share proceeds, (ii) government grants, which were mainly provided by local governments as subsidies, such as new drug R&D and clinical trials subsidies and long-term free use of equipment, for our R&D projects of innovative drugs and were largely one-off in nature, (iii) gain from changes in fair value of financial assets at financial assets at fair value through profit or loss (“FVTPL”), (iv) gain on derecognition of financial assets at FVTPL, (v) sales of pharmaceutical intermediates and raw materials, which mainly included sales of pharmaceutical intermediates generated in our drug production process to other biopharmaceutical companies for use in their R&D activities, and the resale of surplus raw materials such as culture media originally purchased for drug R&D and production, in order to optimize our asset utilization and (vi) others. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded other income and gains of RMB138.4 million, RMB102.4 million, RMB106.3 million, RMB56.2 million and RMB52.7 million, respectively. The following table sets forth a breakdown of our other income and gains in absolute amounts and as percentages of total other income for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Bank interest income	39,355	28.4	58,288	56.9	55,125	51.9	28,161	50.2	27,944	53.0
Government grants	81,455	58.9	35,801	35.0	49,691	46.7	27,082	48.2	21,252	40.3
Gain from changes in fair value of financial assets at FVTPL	10,991	7.9	6,046	5.9	841	0.8	801	1.4	576	1.1
Gain on derecognition of financial assets at FVTPL	3,694	2.7	812	0.8	359	0.3	–	–	1,981	3.8
Sales of pharmaceutical intermediates and raw materials	2,805	2.0	1,333	1.3	273	0.3	93	0.2	943	1.8
Others	80	0.1	96	0.1	24	0.0	16	0.0	26	0.0
Total	138,380	100.0	102,376	100.0	106,313	100.0	56,153	100.0	52,722	100.0

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses mainly consisted of (i) staff costs, representing employee compensation for our sales personnel, (ii) marketing expenses, mainly representing promotion fees in association with hosting and participating academic conferences and exhibitions as well as service fees paid to our CSOs, (iii) patent royalties which we paid for a transferred patent technology used in the production process of Zepsun®, payable annually as a fixed percentage of revenue generated from the sales of Zepsun® less operating cost to the original patent holder as agreed, and (iv) others, mainly including costs of promotional samples, utilities, daily office expenses and depreciation of marketing-related fixed assets and right-of-use assets. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded selling and distribution expenses of RMB250.5 million, RMB271.4 million, RMB465.4

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million, RMB211.3 million and RMB284.7 million, respectively. The following table sets forth a breakdown of our selling and distribution expenses in absolute amounts and as percentages of the total selling and distribution expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Staff costs	131,084	52.3	136,849	50.4	149,631	32.2	72,846	34.5	102,140	35.9
Marketing expenses	104,535	41.7	114,741	42.3	296,543	63.7	128,958	61.0	174,032	61.1
Patent royalties	12,849	5.1	17,584	6.5	17,171	3.7	8,511	4.0	7,474	2.6
Others	2,020	0.8	2,274	0.8	2,014	0.4	943	0.4	1,024	0.4
Total	250,488	100.0	271,448	100.0	465,359	100.0	211,258	100.0	284,670	100.0

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) share-based payment, (ii) staff costs, mainly representing employee compensation for our administrative personnel, (iii) office and leasing expenses, (iv) professional service fees paid to external professional service providers, (v) depreciation and amortization, and (vi) others, mainly including travel expenses, recruiting expenses, repairment expenses, environmental protection expenses, property management fee, greening fee, conference fee, taxes and surcharges.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded administrative expenses of RMB17.6 million, RMB59.6 million, RMB82.7 million, RMB35.1 million and RMB41.3 million, respectively.

The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Share-based payment	(34,109)	(194.0)	1,617	2.7	3,339	4.0	3,339	9.5	–	0.0
Staff costs	19,478	110.8	18,636	31.2	32,091	38.8	10,711	30.5	10,432	25.2
Office and leasing expenses . . .	5,083	28.9	4,710	7.9	4,003	4.8	2,313	6.6	2,660	6.4
Professional service fees	2,364	13.4	6,615	11.1	5,345	6.5	2,106	6.0	6,424	15.5
Depreciation and amortization . .	16,198	92.1	19,400	32.5	15,633	18.9	8,455	24.1	6,894	16.7
Others	8,570	48.7	8,658	14.5	22,243	26.9	8,207	23.4	14,933	36.1
Total	17,584	100.0	59,636	100.0	82,654	100.0	35,132	100.0	41,342	100.0

R&D Expenses

During the Track Record Period, our R&D expenses primarily consisted of (i) staff costs, representing employee compensation for our R&D personnel, (ii) costs of raw materials, reagents, and consumables used in both preclinical studies and clinical trials, (iii) preclinical trial fees paid to external parties such as CROs for conducting relevant studies, and clinical trial service fees paid to CROs or medical institutions for conduction clinical trials, (iv) depreciation of fixed assets and

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right-of-use assets, and amortization of intangible assets, and (v) others, mainly including office expenses, transportation and travel expenses, certification registration fees, meeting fees, equipment rental and maintenance fees, and insurance premiums.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded R&D expenses of RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million, respectively.

The following table sets forth a breakdown of our R&D expenses in absolute amounts and as percentages of the total R&D expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Staff costs	140,723	28.4	117,609	30.3	130,539	30.4	62,481	31.8	66,226	33.2
Costs of										
raw materials, reagents, and										
consumables	70,063	14.1	49,963	12.9	72,247	16.8	24,731	12.6	31,347	15.7
Preclinical trial and clinical trial										
service fees	218,892	44.1	168,877	43.5	173,052	40.3	82,093	41.8	84,334	42.3
Depreciation and amortization .	37,450	7.5	32,613	8.4	28,789	6.7	17,427	8.9	8,755	4.4
Others	29,202	5.9	18,937	4.9	25,280	5.9	9,772	5.0	8,875	4.4
Total	496,330	100.0	387,999	100.0	429,907	100.0	196,504	100.0	199,537	100.0

Other Expenses

During the Track Record Period, our other expenses primarily consisted of (i) impairment losses on trade and bills receivables, (ii) bank charges, (iii) exchange loss, net, (iv) cost of sales of pharmaceutical intermediates and raw materials, (v) impairment losses on other receivables and deposits, (vi) donation, (vii) loss on disposal and write-off of property, plant and equipment, and (viii) others.

In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, our other expenses amounted to RMB4.1 million, RMB6.7 million, RMB2.2 million, RMB2.7 million and RMB15.4 million, respectively.

The following table sets forth a breakdown of our other expenses in absolute amounts and as percentages of the total other expenses for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Impairment losses on trade and										
bills receivables	640	15.7	2,219	33.0	417	19.2	1,689	62.0	2,793	18.1
Bank charges	135	3.3	205	3.1	382	17.6	216	7.9	273	1.8
Exchange loss, net	30	0.7	13	0.2	901	41.5	46	1.7	12,156	78.9
Cost of sales of pharmaceutical										
intermediates and raw										
materials	984	24.0	2,690	40.2	126	5.8	37	1.4	130	0.8

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	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Impairment losses recognised/(reversed) on other receivables and deposits . . .	980	23.9	1,540	23.0	(299)	13.8	49	1.8	30	0.2
Donation	1,010	24.7	-	-	5	0.2	-	-	77	0.5
Loss on disposal and write off of property, plant and equipment	280	6.8	-	-	-	-	-	-	2	0.0
Others	35	0.9	32	0.5	637	29.4	688	25.2	(55)	(0.4)
Total	4,094	100.0	6,699	100.0	2,169	100.0	2,725	100.0	15,406	100.0

Finance Costs

During the Track Record Period, our finance costs primarily consisted of interest on bank borrowings and lease liabilities. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we recorded finance costs of RMB24.3 million, RMB28.9 million, RMB24.2 million, RMB13.9 million and RMB11.3 million, respectively.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Interest on bank borrowings	22,553	26,839	23,411	13,480	11,017
Interest on lease liabilities	1,764	2,054	790	392	286
Total	24,317	28,893	24,201	13,872	11,303

Income Tax Credit

Our income tax credit consists of current tax and deferred 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. In 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, we had income tax credit of RMB4.0 million, RMB4.7 million, RMB3.5 million, RMB1.8 million and RMB1.4 million, respectively. The following table sets forth a breakdown of our income tax credit for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Current tax					
– Charge for the year/period	80	47	476	172	246
– Overprovision in prior periods	(84)	(813)	(7)	(7)	-
Deferred tax credit	(3,946)	(3,983)	(3,997)	(2,010)	(1,611)
Total	(3,950)	(4,749)	(3,528)	(1,845)	(1,365)

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Our Company was eligible for a preferential income tax rate of 15% for a qualification of “High and New Technology Enterprise” during the Track Record Period.

Our subsidiary, Zhejiang Zelgen, was eligible for a preferential income tax rate of 20% for a qualification of “Small and Low-profit Enterprises” during the Track Record Period. Our subsidiaries, Suzhou Zelgen and Shanghai Zelgen were eligible for a preferential income tax rate of 20% for a qualification of “Small and Low-profit Enterprises” in 2023 and 2024.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Period Ended June 30, 2026 Compared to the Period Ended June 30, 2025

Revenue. Our revenue increased significantly by RMB828.8 million, or 220.7%, from RMB375.5 million for the six months ended June 30, 2025 to RMB1,204.4 million for the six months ended June 30, 2026, primarily due to the recognition of licensing revenue arising from the upfront fee paid by AbbVie under the AbbVie Agreement, as well as increased sales of our pharmaceutical products.

Our revenue generated from the sales of Zepsun[®] amounted to RMB277.4 million for the six months ended June 30, 2026, which remained relatively stable as compared to such revenue of RMB295.2 million for the same period in 2025. The sales volume of Zepsun[®] was 130.7 thousand boxes for the six months ended June 30, 2026, compared to 139.1 thousand boxes for the same period in 2025. The average selling price of Zepsun[®] was RMB2,123.4 per box, as compared to RMB2,122.3 per box for the same period in 2025.

Our revenue generated from the sales of Zepuning increased by RMB50.4 million, or 73.5%, from RMB68.5 million for the six months ended June 30, 2025 to RMB118.9 million for the six months ended June 30, 2026, primarily due to an increase in sales volume from 206.1 thousand boxes to 383.5 thousand boxes, despite the decrease in average selling price from RMB332.4 per box to RMB309.9 per box, in the corresponding periods. The increase in the sales volume of Zepuning reflected an expanded market coverage as a result of (i) the inclusion of Zepuning in the NRDL with the effective date on January 1, 2025, and (ii) the successful marketing and promotion results from the strategic partnership with Grand Life Sciences following the inclusion of Zepuning in the NRDL. The decrease in the average selling price of Zepuning was mainly related to the pricing adjustment following VAT rate adjustment in PRC during the corresponding period.

Our revenue generated from the sales of Zepuping increased from RMB11.8 million for the six months ended June 30, 2025 to RMB143.7 million for the six months ended June 30, 2026 following its commercialization in May 2025, primarily due to an increase in sales volume from 1.4 thousand boxes to 33.6 thousand boxes, despite the decrease in average selling price from RMB8,266.2 per box to RMB4,279.0 per box following its inclusion in the NRDL for the treatment of myelofibrosis in January, 2026.

Our revenue generated from the sales of Zesuning was RMB9.6 million for the six months ended June 30, 2026 following its commercialization in January 2026. For the six months ended June 30, 2026, we recorded a sales volume of 1.1 thousand boxes for Zesuning, with an average selling price of RMB9,153.8 per box.

For the six months ended June 30, 2026, we also recorded revenue of RMB654.8 million from licensing activities, which represented the upfront fee paid by AbbVie under the AbbVie Agreement, partially offset by a deduction in respect of the upfront fee previously received from Lancet, which has been reversed in our financial statements following the termination of the license and distribution arrangement with Lancet. For details, see “Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement” and “Business — Our Collaboration and License Arrangement.”

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Cost of Sales. Our cost of sales increased by RMB24.1 million, or 57.1%, from RMB42.1 million for the six months ended June 30, 2025 to RMB66.2 million for the six months ended June 30, 2026, consistent with the growth in revenue and sales volumes of our commercialized products.

Our material costs increased from RMB15.5 million for the six months ended June 30, 2025 to RMB22.7 million for the six months ended June 30, 2026, primarily attributable to the significant growth in sales volumes of Zepuning and Zepuping following its inclusion in the NRDL, as well as the commercialization of Zesuning.

Our staff costs increased by RMB1.4 million, or 26.8%, from RMB5.3 million for the six months ended June 30, 2025 to RMB6.7 million for the six months ended June 30, 2026 as a result of the increase in staff costs resulting from the overall growth in sales volumes of our commercialized products, partially offset by a decrease in the unit labor cost of Zepuning.

Our manufacturing costs increased by RMB7.6 million, or 45.9%, from RMB16.7 million for the six months ended June 30, 2025 to RMB24.3 million for the six months ended June 30, 2026, primarily attributable to the significant increase of the sales volumes of Zepuning following its inclusion in the NRDL, which resulted in its increased production volume and our relevant expenses on its in-house manufacturing, as well as newly incurred manufacturing costs for Zepuping following its commercialization in May 2025 and its inclusion in NRDL in January 2026.

Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit increased by RMB804.8 million, or 241.4%, from RMB333.4 million for the six months ended June 30, 2025 to RMB1,138.2 million for the six months ended June 30, 2026.

For the six months ended June 30, 2026, our total gross profit amounted to RMB1,138.2 million, taking into account revenue from our licensing activities with AbbVie. Our gross profit margin of sales of pharmaceutical products slightly increased from 88.8% for the six months ended June 30, 2025 to 89.6% for the six months ended June 30, 2026, primarily due to the change of product mix for the six months ended June 30, 2026. Specifically, our gross profit margin for Zepsun® remained relatively stable at 94.6% and 94.5% for the six months ended June 30, 2025 and 2026, respectively; our gross profit margin for Zepuning increased from 62.5% for the six months ended June 30, 2025 to 78.9% for the six months ended June 30, 2026, primarily due to the lowered the unit production cost following its scaled production, despite the decrease in its average selling price from RMB332.4 per box to RMB309.9 per box resulting from the pricing adjustment following VAT rate adjustment in PRC during the corresponding period; our gross profit margin for Zepuping decreased from 95.2% for the six months ended June 30, 2025 to 90.4% for the six months ended June 30, 2026, primarily due to its lowered average selling price from RMB8,266.2 per box to RMB4,279.0 per box, despite the increase in its sales volume in the corresponding period, following its inclusion in NRDL in January 2026; and our gross profit margin for Zesuning was 66.2% for the six months ended June 30, 2026.

Other Income and Gains. Our other income and gains decreased by RMB3.4 million, or 6.1%, from RMB56.2 million for the six months ended June 30, 2025 to RMB52.7 million for the six months ended June 30, 2026. This decrease was primarily due to a decrease of RMB5.8 million in government grants resulting from a decrease in the amount of biomedical science and technology innovation subsidies received from the Kunshan Municipal Government as compared to the corresponding period in 2025, together with the full amortization of a government grant that was previously recognized as deferred income in early 2026; partially offset by an increase of RMB2.0 million in gain on derecognition of financial assets at FVTPL in relation to the maturity redemption of structured deposits during the period.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB73.4 million, or 34.7%, from RMB211.3 million for the six months ended June 30, 2025 to RMB284.7 million for the six months ended June 30, 2026, primarily due to (i) an increase in

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marketing expenses of RMB45.1 million, mainly attributable to increased sales of Zepuning, which resulted in a corresponding increase in the market promotion service fee paid to our exclusive CSO for Zepuning; and (ii) an increase in staff costs of RMB29.3 million, primarily attributable to the expansion of our sales force in connection with the commercialization of Zepuning.

Administrative Expenses. Our administrative expenses increased by RMB6.2 million, or 17.7%, from RMB35.1 million for the six months ended June 30, 2025 to RMB41.3 million for the six months ended June 30, 2026, primarily due to (i) an increase in others of RMB6.7 million, mainly attributable to an increase in inventory write-off and increased value added tax expenses in line with our increased sales of pharmaceutical products and (ii) an increase in professional service fees of RMB4.3 million mainly including auditing services and legal service fees; partially offset by (i) a decrease in share-based payment of RMB3.3 million, as the one-off settlement of share-based payment for our U.S. subsidiary in the corresponding period of 2025 did not recur in 2026.

R&D Expenses. Our R&D expenses increased by RMB3.0 million, or 1.5%, from RMB196.5 million for the six months ended June 30, 2025 to RMB199.5 million for the six months ended June 30, 2026, primarily due to (i) an increase in costs of raw materials, reagents, and consumables of RMB6.6 million, mainly attributable to the formulation development of the 75mg tablet of Zepuping and the stocking of raw materials for qualification of a second supplier, (ii) an increase in staff costs of RMB3.7 million, mainly attributable to an increase in the number of R&D personnel, and (iii) an increase in preclinical and clinical trial service fees of RMB2.2 million, in relation to newly added pharmacology and toxicology analysis services for ZGGS34; partially offset by a decrease in depreciation and amortization of RMB8.7 million, mainly attributable to the reclassification of depreciation and amortization of production facilities and equipment relating to Zepuping and Zesuning from R&D expenses to manufacturing costs following their respective commercialization.

Other Expenses. Our other expenses increased by RMB12.7 million, or 465.4%, from RMB2.7 million for the six months ended June 30, 2025 to RMB15.4 million for the six months ended June 30, 2026, primarily due to (i) an increase in net exchange loss of RMB12.1 million resulting from the currency fluctuation on our USD-denominated monetary assets in connection with the upfront payment received under the AbbVie Agreement and (ii) an increase in impairment losses on trade and bills receivables of RMB1.1 million.

Finance Costs. Our finance costs decreased by RMB2.6 million, or 18.5%, from RMB13.9 million for the six months ended June 30, 2025 to RMB11.3 million for the six months ended June 30, 2026, primarily due to the decrease in interest on bank borrowings.

Income Tax Credit. Our income tax credit remained stable at RMB1.8 million and RMB1.4 million during the six months ended June 30, 2025 and 2026, respectively.

(Loss)/Profit for the Period. As a result of the foregoing, we turned from a net loss of RMB68.1 million for the six months ended June 30, 2025 to a net profit of RMB640.0 million for the six months ended June 30, 2026, primarily attributable to the significant licensing revenue recognized during the period.

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

Revenue. Our revenue increased significantly by RMB278.7 million, or 52.4%, from RMB531.5 million in 2024 to RMB810.2 million in 2025, primarily due to the increased sales volume of our commercialized products.

Our revenue generated from the sales of Zepsun[®] increased by RMB72.3 million, or 13.6%, from RMB530.0 million in 2024 to RMB602.3 million in 2025, primarily due to (i) an increase in sales volume from 265.0 thousand boxes to 283.6 thousand boxes, and (ii) an increase in average

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selling price from RMB2,000.0 per box to RMB2,123.8 per box, in the corresponding periods, both of which were results of expanded market coverage and sales channels. As the proportion of sales through primary distributors increased, the overall commercial discount level decreased, resulting in a higher blended average selling price.

Our revenue generated from the sales of Zepuning increased by RMB160.4 million, or 10,803.2%, from RMB1.5 million in 2024 to RMB161.9 million in 2025, primarily due to an increase in sales volume from 2.4 thousand boxes to 493.5 thousand boxes, despite the decrease in average selling price from RMB615.2 per box to RMB328.1 per box, in the corresponding periods. The increase in the sales volume of Zepuning reflected an expanded market coverage as a result of (i) the inclusion of Zepuning in the NRDL with the effective date on January 1, 2025, and (ii) the successful marketing and promotion results from the strategic partnership with Grand Life Sciences following the inclusion of Zepuning in the NRDL. The decrease in the average selling price of Zepuning was due to its inclusion in the NRDL.

Our revenue generated from the sales of Zepuping increased from nil in 2024 to RMB38.4 million in 2025 following its commercialization in May 2025. In 2025, we recorded a sales volume of 5.3 thousand boxes for Zepuping, with an average selling price of RMB7,310.6 per box.

In 2025, we also generated licensing revenue of RMB7.5 million, which represented the revenue recognized from the upfront fee paid by an overseas distributor under a license and distribution agreement. For details, see “Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement.”

Cost of Sales. Our cost of sales increased by RMB46.6 million, or 135.9%, from RMB34.3 million in 2024 to RMB80.9 million in 2025, consistent with the growth in revenue and sales volumes of our commercialized products.

Our material costs increased from RMB24.6 million in 2024 to RMB32.5 million in 2025, primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL.

Our staff costs increased by RMB8.1 million, or 645.7%, from RMB1.3 million in 2024 to RMB9.4 million in 2025 as a result of an increased number of production staff, which was primarily attributable to the significant growth in sales volumes of Zepuning following its inclusion in the NRDL. Unlike Zepsun®, for which we outsourced the production of intermediates and APIs to external CDMOs, Zepuning’s production is conducted fully in-house, and involves complex biopharmaceutical processes and long production cycles, requiring a higher amount of labor input. Additionally, the commercialization of Zepuping in May 2025 also led to increased staff costs associated with its production.

Our manufacturing costs increased by RMB26.1 million, or 377.8%, from RMB6.9 million in 2024 to RMB33.0 million in 2025, primarily attributable to the significant increase of the sales volumes of Zepuning following its inclusion in the NRDL, which resulted in the increased manufacturing volume of Zepuning and our relevant expenses on in-house manufacturing of Zepuning, as well as newly incurred manufacturing costs for Zepuping following its commercialization in May 2025.

Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit of sales of pharmaceutical products increased by RMB224.5 million, or 45.2%, from RMB497.3 million in 2024 to RMB721.8 million in 2025. In 2025, our total gross profit amounted to RMB729.3 million, taking into account the revenue from licensing activities. Our gross profit margin of sales of pharmaceutical products slightly decreased from 93.6% in 2024 to 90.0% in 2025, primarily due to the change of product mix in 2025. Specifically, our gross profit margin for Zepsun® remained relatively stable at 93.6% and 94.5% in 2024 and

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2025, respectively; our gross profit margin for Zepuning decreased from 80.9% in 2024 to 72.1% in 2025, primarily due to the decrease in its average selling price from RMB615.2 per box to RMB328.1 per box following its inclusion in the NRDL; and our gross profit margin for Zepuping was 93.0% in 2025.

Other Income and Gains. Our other income and gains increased by RMB3.9 million, or 3.8%, from RMB102.4 million in 2024 to RMB106.3 million in 2025. This increase was primarily due to an increase of RMB13.9 million in government grants, resulting from the grant of RMB18.1 million in biomedical science and technology innovation subsidies from the Kunshan Municipal Government in the first quarter of 2025; partially offset by a decrease in bank interest income of RMB3.2 million resulting from the decreased interest on bank borrowings and a decrease in the gain from changes in fair value of financial assets at FVTPL of RMB5.2 million, as our structured deposits were redeemed upon maturity.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB193.9 million, or 71.4%, from RMB271.4 million in 2024 to RMB465.4 million in 2025, primarily due to (i) an increase in marketing expenses of RMB181.8 million, mainly attributable to (a) increased service fees paid to Grand Life Sciences in line with the growth in sales volume of Zepuning following its inclusion in the NRDL in January 2025, payable at a fixed percentage of the revenue generated from the sales of it, and (b) significant early-stage promotion and marketing activities in association with the commercialization of Zepuping; and (ii) an increase in staff costs of RMB12.8 million, primarily attributable to the expansion of our sales force in connection with the commercialization of Zepuping.

Administrative Expenses. Our administrative expenses increased by RMB23.0 million, or 38.6%, from RMB59.6 million in 2024 to RMB82.7 million in 2025, primarily due to (i) an increase in staff costs of RMB13.5 million, mainly attributable to severance pay and termination benefits totaling RMB8.08 million for employees of Gensun Biopharma in connection with its deregistration, as well as employee salary adjustments, (ii) an increase in taxes and surcharges of RMB7.0 million, which was resulted from increased VAT output tax associated with our revenue growth in 2025; and (iii) an increase in share-based payment expenses of RMB1.7 million, partially offset by a decrease in depreciation and amortization of RMB3.8 million, primarily due to a reduction in right-of-use asset amortization following the decrease in our office lease payments due to the reduction in the rental fees.

R&D Expenses. Our R&D expenses increased by RMB41.9 million, or 10.8%, from RMB388.0 million in 2024 to RMB429.9 million in 2025, primarily due to (i) an increase in staff costs of RMB12.9 million, or 11.0%, mainly attributable to an increased number of R&D personnel, as well as the recruitment of certain senior R&D talent at higher salary range; (ii) an increase in costs of raw materials, reagents, and consumables of RMB22.3 million, or 44.6%, mainly attributable to an increased production expenses of trial drugs for multiple clinical studies of ZG005 and ZG006, the increased expenses on the procurement of comparator drugs, as well as the consumption of trial drugs of ZG005 and ZG006 in clinical studies due to their outsourced manufacturing; and (iii) an increase in preclinical and clinical service fees of RMB4.2 million, or 2.5%, mainly attributable to the increased clinical trial projects and corresponding fees for our core pipeline candidates including ZG005, ZG006, as well as Zesuning.

Other Expenses. Our other expenses decreased by RMB4.5 million, or 67.6%, from RMB6.7 million in 2024 to RMB2.2 million in 2025, primarily due to (i) a decrease in cost of sales of pharmaceutical intermediates and raw materials of RMB2.6 million, as sales of such intermediates and raw materials were occasional and the relevant amount of sales revenue was uncertain, which significantly reduced in 2025, and (ii) a decrease in impairment losses on other receivables and deposits of RMB1.8 million; partially offset by the increase in others of RMB636.5 thousand, mainly arising from (i) administrative penalties amounting to RMB300.0 thousand, and (ii) an one-off compensation of RMB335.3 thousand we paid to certain trial participants for adverse reactions in clinical trials to cover associated medical expenses and provide additional

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compensation. According to the current GCP provisions, such compensation payment was a compliance requirement in the industry and a statutory duty of the Company to safeguard the rights of trial participants. See “Risk Factors — Adverse events caused by our drug candidates could interrupt, delay or halt clinical trials, delay or prevent regulatory approval, limit the commercial profile of an approved drug, or result in significant negative consequences following any regulatory approval.”

Finance Costs. Our finance costs decreased by RMB4.7 million, or 16.2%, from RMB28.9 million in 2024 to RMB24.2 million in 2025, primarily due to the decrease in interest on bank borrowings.

Income Tax Credit. We recorded income tax credit of RMB4.7 million and RMB3.5 million in 2024 and 2025, respectively.

Loss for the Year. As a result of the foregoing, our net loss increased by RMB14.8 million, or 9.9%, from RMB150.3 million in 2024 to RMB165.1 million in 2025.

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

Revenue. Our revenue increased significantly by RMB147.9 million, or 38.6%, from RMB383.6 million in 2023 to RMB531.5 million in 2024, primarily due to the steady progress in the commercialization of our products, which contributed to the increase in their sales volume.

Our revenue generated from the sales of Zepsun[®] increased by RMB146.4 million, or 38.2%, from RMB383.6 million in 2023 to RMB530.0 million in 2024, primarily due to (i) an increase in sales volume from 207.4 thousand boxes to 265.0 thousand boxes, and (ii) an increase in average selling price from RMB1,849.0 per box to RMB2,000.0 per box, in the corresponding periods, both of which were driven by its expanded market coverage and sales channels. As the proportion of sales through primary distributors increased, the overall commercial discount level decreased, resulting in a higher blended average selling price.

Our revenue generated from the sales of Zepuning increased from nil in 2023 to RMB1.5 million in 2024 following its commercialization in January 2024. In 2024, we recorded a sales volume of 2.4 thousand boxes for Zepuning, with an average selling price of RMB615.2 per box.

Cost of Sales. Our cost of sales increased by RMB6.1 million, or 21.6%, from RMB28.2 million in 2023 to RMB34.3 million in 2024, primarily due to the increases in the sales volume of our products.

Our material costs increased from RMB20.3 million in 2023 to RMB24.6 million in 2024, representing a year-on-year increase of RMB4.4 million, primarily due to increased material consumption in line with the increase in the sales volumes of Zepsun[®].

Our staff costs increased by RMB0.4 million, or 40.6%, from RMB0.9 million in 2023 to RMB1.3 million in 2024 primarily attributable to the growth in sales volumes of Zepsun[®] and the increase of employee compensation of the production personnel of Zepsun[®], and increased number of production staff in association with the commercialization of Zepuning in January 2024.

Our manufacturing costs increased by RMB1.1 million, or 18.1%, from RMB5.9 million in 2023 to RMB6.9 million in 2024, primarily attributable to the increase in the sales volumes of Zepsun[®].

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Gross Profit and Gross Profit Margin. As a result of the cumulative effect of the factors described above, our gross profit increased by RMB142.0 million, or 40.0%, from RMB355.3 million in 2023 to RMB497.3 million in 2024, while our gross profit margin remained high and stable at 92.6% and 93.6% during the same period. Specifically, our gross profit margin for Zepsun[®] remained relatively stable at 92.6% and 93.6% in 2023 and 2024, respectively.

Other Income and Gains. Our other income and gains decreased by RMB36.0 million, or 26.0%, from RMB138.4 million in 2023 to RMB102.4 million in 2024, primarily due to a decrease in government grants, partially offset by an increase in bank interest income.

Selling and Distribution Expenses. Our selling and distribution expenses increased by RMB20.9 million, or 8.3%, from RMB250.5 million in 2023 to RMB271.4 million in 2024, primarily due to (i) an increase in marketing expenses of RMB10.2 million, (ii) an increase in staff costs of RMB5.8 million primarily attributable to the increased bonus as a result of growth in sales revenue, and (iii) an increase in patent royalties of RMB4.7 million, which were mainly attributable to the increased sales volume of Zepsun[®] in the same periods.

Administrative Expenses. Our administrative expenses increased significantly by RMB42.0 million from RMB17.6 million in 2023 to RMB59.6 million in 2024, primarily because we reversed the previously recognized share-based payment expenses in 2023 pursuant to the assessment of our restricted share incentive scheme, which resulted in unusually low administrative expenses for that year.

Under our 2021 restricted share incentive scheme, we granted restricted shares to eligible employees at a certain grant price, with vesting linked to cumulative performance targets for the period from 2021 to 2023 as well as service conditions. Based on the expected achievement of these targets, the Company initially recognized substantial share-based payment expenses in 2021 and 2022. However, by the end of 2023, actual sales growth did not meet the performance criteria. According to IFRS 2, if the service period condition or the non-market performance condition is not satisfied, the number of equity instruments that ultimately vest is zero. Therefore, the cumulative share-based payment expense that should be recognized during the vesting period is also zero, and any previously recognized share-based payment expenses must be reversed. As a result, the restricted shares did not vest and the previously recognized expenses were reversed, leading to unusually low administrative expenses in 2023.

R&D Expenses. Our R&D expenses decreased by RMB108.3 million, or 21.8%, from RMB496.3 million in 2023 to RMB388.0 million in 2024, primarily due to (i) a decrease in staff costs of RMB23.1 million, which was primarily resulted from the reclassification of certain R&D support personnel to commercial production roles following the commercialization of Zepuning in January 2024 and the transition of R&D activities to commercial production, as a result of certain R&D personnel, quality management staff and supporting production personnel were reclassified into commercial production roles; (ii) a decrease in costs of raw materials, reagents, and consumables of RMB20.1 million, mainly attributable to lower requirements of relevant materials with Gecacitinib Hydrochloride Tablets (as treatment for autoimmune diseases) entering following-up stages of Phase III clinical trials and ZG005 and ZG006 in earlier Phase I/II clinical trials; (iii) a decrease in preclinical trial and clinical trial service fees of RMB50.0 million, as Gecacitinib Hydrochloride Tablets (as treatment for autoimmune diseases) entered following-up stages of Phase III clinical trials and ZG005 and ZG006 in earlier Phase I/II clinical trials; and (iv) a decrease in others of RMB10.2 million, primarily because 2023 incurred higher utility and related costs due to dynamic-inspection production and R&D activities for Zepuping and Zepuning, as well as higher costs tied to production-line upgrades for Zesuning before its commercialization.

Other Expenses. Our other expenses increased by RMB2.6 million from RMB4.1 million in 2023 to RMB6.7 million in 2024, primarily due to (i) an increase in cost of sales of pharmaceutical intermediates and raw materials of RMB1.7 million, (ii) an increase in impairment losses on trade and bills receivables, and (iii) donation of RMB1.0 million in 2023.

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Finance Costs. Our finance costs increased by RMB4.6 million, or 18.9%, from RMB24.3 million in 2023 to RMB28.9 million in 2024, primarily due to an increase in interest on bank borrowings.

Income Tax Credit. Our income tax credit remained relatively stable at RMB4.0 million in 2023 and RMB4.7 million in 2024.

Loss for the Year. As a result of the foregoing, our net loss decreased by RMB144.8 million, or 49.1%, from RMB295.1 million in 2023 to RMB150.3 million in 2024.

BUSINESS SUSTAINABILITY

Since our inception, we have remained committed to innovation and continuously advancing our novel drug development. Having accumulated nearly two decades of experience, leveraging our dual-engine innovation strategy that integrates small-molecule and biologic therapies, we have developed comprehensive capabilities across discovery, development, manufacturing, and commercialization, which have enabled us to build a diversified, multi-layered pipeline and achieve proven commercialization success. As of the Latest Practicable Date, our strategically-tiered pipeline of drug candidates comprises 10 drug candidates across 29 key clinical programs (including Gecacitinib Hydrochloride Tablet and its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection and its clinical programs for postoperative treatment of thyroid cancer).

Past Financial Performance

During the Track Record Period, we generated our revenue from sales of pharmaceutical products in the PRC and licensing activities. In 2025, our licensing revenue arose from the upfront fee paid by Lancet under a the Lancet Agreement. For details, see “Business — Sales, Promotion and Distribution — Our Overseas Distribution Arrangement.” In 2026, our licensing revenue arose from upfront fee paid by AbbVie under the AbbVie Agreement. For details, see “Business — Our Collaboration and License Arrangement.” The following table sets forth a breakdown of our revenue from the sales of our pharmaceutical products by product and licensing activities, as well as percentages of the total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Zepsun®	383,557	100.0	530,044	99.7	602,348	74.3	295,221	78.6	277,424	23.0
Zepuning	-	-	1,485	0.3	161,913	20.0	68,509	18.2	118,859	9.9
Zepuping	-	-	-	-	38,380	4.7	11,812	3.1	143,706	11.9
Zesuning	-	-	-	-	-	-	-	-	9,639	0.8
Sales of Pharmaceutical										
Products	383,557	100.0	531,529	100.0	802,641	99.1	375,542	100.0	549,628	45.6
Licensing	-	-	-	-	7,547	0.9	-	-	654,762	54.4
Total	383,557	100.0	531,529	100.0	810,188	100.0	375,542	100.0	1,204,390	100.0

Furthermore, our profitability has steadily grown over the Track Record Period. We recorded gross profit of RMB355.3 million, RMB497.3 million, RMB729.3 million, RMB333.4 million and RMB1,138.2 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively, while our gross profit margin of sales of commercialized products reached 92.6%, 93.6%, 90.0%, 88.8% and 89.6% during the same periods, evidencing the historical strength in our drug product portfolio, also hinting on our growth potential in the long run. Our gross profit margin of sales of pharmaceutical products increased slightly from 92.6% in 2023 to 93.6% in 2024,

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primarily attributable to the improvement in the gross profit margin of Zepsun[®], which remained our sole material revenue-contributing product during such period. The slight decrease in our gross profit margin of sales of pharmaceutical products from 93.6% in 2024 to 90.0% in 2025 was primarily attributable to the change in our commercialized product mix. Specifically, (i) the gross profit margin for Zepsun[®] remained relatively stable at 93.6% and 94.5% in 2024 and 2025, respectively, (ii) the gross profit margin for Zepuning decreased from 80.9% in 2024 to 72.1% in 2025, primarily due to the decrease in its average selling price from RMB615.2 per box to RMB328.1 per box following its inclusion in the NRDL since January 1, 2025, and (iii) the increased sales volume of Zepuning following its inclusion in the NRDL, which carries a lower gross profit margin comparing to Zepsun[®], while Zepuning’s share of our total pharmaceutical product sales revenue growing from approximately 0.3% in 2024 to approximately 20% thereby reduced the blended gross profit margin of our pharmaceutical product sales as a whole. Our gross profit margin of sales of pharmaceutical products increased slightly from 88.8% for the six months ended June 30, 2025 to 89.6% for the six months ended June 30, 2026, primarily attributable to the change of product mix during the period. Specifically, (i) the gross profit margin for Zepsun[®] remained relatively stable at 94.6% and 94.5% for the six months ended June 30, 2025 and 2026, respectively, with sales volume of 139.1 thousand boxes and 130.7 thousand boxes at an average selling price of RMB2,122.3 per box and RMB2,123.4 per box during the same periods, respectively, (ii) the gross profit margin for Zepuning increased from 62.5% for the six months ended June 30, 2025 to 78.9% for the six months ended June 30, 2026, with sales volume increasing from 206.1 thousand boxes to 383.5 thousand boxes, despite the decrease in average selling price from RMB332.4 per box to RMB309.9 per box, primarily due to economies of scale from increased production and sales volume, which lowered the box production cost, (iii) the gross profit margin for Zepuping decreased from 95.2% for the six months ended June 30, 2025 to 90.4% for the six months ended June 30, 2026, with sales volume increasing from 1.4 thousand boxes to 33.6 thousand boxes at an average selling price of RMB8,266.2 per box and RMB4,279.0 per box during the same periods, respectively, primarily due to its inclusion in the NRDL in January 2026, which lowered its average selling price; and (iv) Zesuning, which was commercialized in January 2026, recorded a gross profit margin of 66.2% for the six months ended June 30, 2026, with sales volume of 1.1 thousand boxes at an average selling price of RMB9,153.8 per box.

According to Frost & Sullivan, the gross profit margin of innovative pharmaceutical products in China is generally higher than that of conventional generic drugs, primarily due to their differentiated clinical value, stronger pricing power and relatively low manufacturing costs as a percentage of selling price once commercial-scale production is achieved.

During the Track Record Period, the gross profit margin of our pharmaceutical product sales ranged from 88.8% to 93.6%, which was generally in line with the gross profit margin levels observed among comparable innovative pharmaceutical companies with commercialized products in China.

Our gross profit margin level is supported by several industry- and company-specific factors, including: (i) the innovative nature and differentiated clinical value of its commercialized products, Zepsun[®], an innovative targeted therapy for oncology indications, and Zepuping, a JAK inhibitor for autoimmune diseases, which support pricing at a premium to production costs, (ii) our established in-house manufacturing capabilities and accumulated production experience, which contribute to operational efficiency and cost control, and (iii) the generally high gross margin characteristics of innovative pharmaceutical products in the Chinese market.

Looking forward, our gross profit margin may be affected by various factors, including changes in product mix, pricing adjustments resulting from NRDL inclusion, market competition, manufacturing scale and capacity utilization. Nevertheless, our gross profit margin profile remains fundamentally supported by the commercial characteristics of innovative pharmaceutical products and our manufacturing capabilities. Accordingly, our overall gross profit margin profile is sustainable and is expected to remain at a relatively high level compared with the broader pharmaceutical industry.

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During the Track Record Period, we incurred significant operating expenses to develop our businesses. The table below sets forth a breakdown of our operating expenses, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,			
	2023		2024		2025		2025		2026	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	% (Unaudited)	RMB'000 (Unaudited)	% (Unaudited)
Selling and distribution expenses	250,488	65.3	271,448	51.1	465,359	57.4	211,258	56.3	284,670	23.6
Administrative expenses . . .	17,584	4.6	59,636	11.2	82,654	10.2	35,132	9.4	41,342	3.4
R&D expenses	496,330	129.4	387,999	73.0	429,907	53.1	196,504	52.3	199,537	16.6
Total	764,402	199.3	719,083	135.3	977,920	120.7	442,894	117.9	525,549	43.6

We recorded net losses of RMB295.1 million, RMB150.3 million and RMB165.1 million in 2023, 2024 and 2025, respectively, and a net loss of RMB68.1 million for the six months ended June 30, 2025, compared to a net profit of RMB640.0 million for the same period in 2026. Although we recorded net profit in the six months ended June 30, 2026, this was primarily attributable the upfront payment received under the AbbVie Agreement. During 2023, 2024, 2025 and the six months ended June 30, 2025, we remained in a net loss position primarily due to the following factors:

Sustained high R&D investment. As an integrated biopharmaceutical company, we focus on the discovery, development, and commercialization of innovative small-molecule and biologic therapies, which is characterized by long development cycles, high ongoing investment, and uncertain output. Continuous R&D spending is essential to maintain our technological edge and competitive advantage, particularly given our diversified pipeline of drug candidates. We operate two proprietary technology platforms: a small-molecule drug R&D platform, and a bispecific/trispecific antibody and complex recombinant protein R&D platform, with which we reinforce our research capabilities and industry position in oncology, enabling the efficient and continuous advancement of our pipeline. To support the advancement of 10 drug candidates across 29 key clinical programs, covering indications such as HCC, SCLC, NEC, cervical cancer and other advanced solid tumors, as well as autoimmune diseases, we have consistently maintained a high level of R&D expenditure during the Track Record Period, which amounted to RMB496.3 million, RMB388.0 million, RMB429.9 million, RMB196.5 million and RMB199.5 million in 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026, respectively.

Early stages of commercialization and growing expenses. Our product portfolio has remained in an early stage of commercialization. As of the Latest Practicable Date, we had four commercialized drugs: Zepsun[®] launched in June 2021, Zepuning launched in January 2024, Zepuping launched in May 2025, and Zesuning launched in January 2026. Given the innovative nature of these products, we launched promotion activities such as academic conferences and medical education programs well before commercialization and continued them thereafter as sustained expenses. Further, with the commercialization of each product, we expand our sales and academic promotion team and invested substantially in initiatives to secure NRDL inclusion and strengthen market penetration. During the Track Record Period, selling and distribution expenses accordingly increased from RMB250.5 million in 2023 to RMB284.7 million for the six months ended June 30, 2026.

Although Zepsun[®], Zepuning and Zepuping have achieved strong growth in sales volume and revenue following their commercialization and subsequent NRDL inclusion, we are continuously investing in the marketing and promotion of these two products. In addition, except for Zepsun[®],

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Zepuping and Zepuning have been included in the NRDL only recently, their overall revenue contribution remains relatively modest, and the impact on total revenue growth is still limited despite the growth in sales volume.

Our net losses during 2023, 2024, 2025 and the six months ended June 30, 2025 were therefore a function of our business model as an integrated biopharmaceutical company focusing on the discovery, development, and commercialization of innovative therapies: high R&D investment to secure long-term competitiveness, increased selling and distribution expenses to support commercialization, and limited revenue contribution from a portfolio still in the early stages of market entry. While this has resulted in near-term losses, these investments have laid the foundation for long-term growth, with a diversified pipeline, proven commercialization pathways, and expanding market coverage expected to drive future revenue and profitability. Our net losses during each period of 2023, 2024 and 2025 showed a period-on-period decreasing trend as a result of various cost reduction and efficiency enhancement measures.

Our Directors believe that our business is sustainable in the foreseeable future due to the following reasons:

Proven commercialization results. We have demonstrated a clear trajectory of commercialization and revenue growth. Zepsun[®], our first innovative drug, was commercialized in June 2021 and has since become the primary revenue contributor, generating revenue of RMB383.6 million in 2023, RMB530.0 million in 2024, RMB602.3 million in 2025, RMB295.2 million and RMB277.4 million for the six months ended June 30, 2025 and 2026, respectively. Zepuning, launched in January 2024, began contributing revenue in the same year and recorded RMB161.9 million in 2025 and RMB118.9 million for the six months ended June 30, 2026. Zepuping, commercialized in May 2025, generated revenue of RMB38.4 million in 2025 and RMB143.7 million for the six months ended June 30, 2026. We also recorded revenue from licensing activities of RMB7.5 million in 2025 and RMB654.8 million for the six months ended June 30, 2026. Overall, total revenue increased from RMB383.6 million in 2023 to RMB1,204.4 million for the six months ended June 30, 2026, reflecting steady product launches and strong market uptake across our portfolio. Most recently, Zesuning was commercialized in January 2026, generating revenue of RMB9.6 million for the six months ended June 30, 2026, and is expected to further expand our revenue base.

We have established a broad and effective distribution network to ensure nationwide access. As of June 30, 2026, Zepsun[®], Zepuning and Zepuping were available in primary target medical institutions and pharmacies covering most provinces nationwide, supported by 166 distributors covering 30 provinces, municipalities and autonomous regions. Importantly, Zepsun[®], Zepuning and Zepuping (for the treatment of myelofibrosis) have all been included in the NRDL, significantly expanding patient access and strengthening commercial uptake. Benefited from such network and following NRDL inclusion, Zepsun[®] and Zepuning experienced substantial increases in sales volumes, reflecting strong market uptake. Specifically, the sales volume of Zepsun[®] amounted to 207.4 thousand boxes, 265.0 thousand boxes, 283.6 thousand boxes and 130.7 thousand boxes in 2023, 2024, 2025 and the six months ended June 30, 2026, respectively, while the sales volume of Zepuning amounted to 2.4 thousand boxes, 493.5 thousand boxes and 383.5 thousand boxes in 2024, 2025 and the six months ended June 30, 2026, respectively. Zepuping, which was included in the NRDL in January 2026 for the treatment of myelofibrosis, is beginning to expand its presence in the market during its initial commercialization phase. These results demonstrate our ability to drive strong market penetration and replicate efficient commercialization pathways.

Further, our gross profit has steadily increased from RMB355.3 million in 2023 to RMB1,138.2 million for the six months ended June 30, 2026, with gross profit margins consistently above 88% during the Track Record Period. This reflects the historical strength of our drug portfolio and demonstrates our ability to generate high-margin revenue streams, laying the foundation for future profitability as commercialization expands.

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Robust and diversified product portfolio. We have established a strategically tiered pipeline comprising 10 drug candidates across 29 key clinical programs. These programs span a variety of indications in oncology and autoimmune diseases, covering therapeutic areas with significant unmet medical needs. Our pipeline is diversified across development stages, ranging from early discovery to late-stage clinical trials, ensuring resilience against limited product dependency and positioning us to capture multiple therapeutic markets. Several late-stage candidates are in the BLA/NDA stage already or undergoing pivotal III clinical trials: specifically, Gecacitinib Hydrochloride Tablets for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection for postoperative treatment of thyroid cancer are at the stage of NDA/BLA, while ZG006 for extensive-stage SCLC, 3rd-line and above and 2nd-line, and NEC, and ZG005 for HCC and NEC are in pivotal/Phase III trials. These candidates are expected to be commercialized progressively over the coming years, thereby strengthening our revenue base step by step.

The breadth and depth of our pipeline provide significant opportunities for business development. We are actively exploring co-development, out-licensing, and strategic partnerships with domestic and international pharmaceutical companies. We have established collaborations with major CSOs including Merck and Grand Life Sciences and also recently entered into an exclusive collaboration and option to license agreement with AbbVie on the development and commercialization of ZG006 outside Chinese Mainland, Hong Kong, and Macau. These collaborations are expected to generate milestone payments, licensing revenue, and risk-sharing benefits, while also strengthening the sales of our commercialized products and accelerating the clinical development of our pipeline assets.

Further, we maintain a disciplined R&D strategy focused on oncology and autoimmune diseases, therapeutic areas that represent large and growing markets in China and globally. By prioritizing late-stage assets with strong commercial potential, we aim to maximize return on investment and accelerate revenue generation. At the same time, we continue to invest in early-stage innovation to sustain long-term growth. Our strong intellectual property portfolio, comprising 152 granted patents and 378 pending patent applications worldwide as June 30, 2026, also underpins our competitive advantage and supports the commercial value of our pipeline.

Strong liquidity position and working capital resilience. As of June 30, 2026, our bank deposits and cash and cash equivalents amounted to RMB2,056.6 million, further supplemented by unutilized committed and unrestricted banking facilities of RMB2,100.6 million. We have also recently received an upfront payment from AbbVie of US\$100 million in light of the newly entered exclusive licensing partnership and a milestone payment from Merck of RMB200 million in February 2026. This substantial liquidity position provides us with sufficient resources to fund ongoing R&D investment, commercialization activities, and working capital needs. With the [REDACTED] from the [REDACTED], we expect to further strengthen its capital base, extend operating runway, and ensure working capital sufficiency to support commercialization expansion and pipeline advancement. In addition, we have maintained access to diversified financing channels, including long-term credit facilities with major commercial banks and equity financing arrangements, and have adopted disciplined working capital management, in order to further strengthen our ability to meet short-term obligations and support long-term growth.

Experienced and Stable Management Team. Our long-standing management team, led by the Chairman and General Manager, Dr. Sheng Zelin, provides continuity and stability in execution. Most executive directors and senior management members have remained with us for more than a decade. The team combines deep industry experience across R&D, manufacturing, and commercialization, and has successfully overseen multiple product launches, secured NRDL inclusion, and expanded hospital penetration nationwide. In recent years, we have also further strengthened and diversified our management team through the addition of new members with complementary experience, enhancing our capabilities across clinical development and corporate management.

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Taking into account the above, as well as based on the review of the Accountants’ Report, the due diligence conducted on the Group and the discussion with the Directors, nothing has come to the Sole Sponsor’s attention that would cause the Sole Sponsor to disagree with the Directors’ view.

Going forward, we aim to continue to make substantial investments in discovering and developing innovative drugs with blockbuster potential while realizing the commercial value of our drug products and pipeline assets. Specifically, we plan to unleash this potential through a combination of sales of innovative drugs, commercialize our drug candidates and new indications, as well as revenue from collaborations and licensing. During this period, we will continue to strengthen our competitive R&D capabilities and expand our market entry and commercialization efforts globally.

Sustainability of Profitability

While our business recorded losses during most of the Track Record Period, we recorded net profit for the six months ended June 30, 2026. As such net profit was primarily driven by the upfront payment from AbbVie, we recognize that near-term profitability may be subject to fluctuation. We are committed to building a sustainable profitability trajectory through the following strategies:

Continue to advance product commercialization and build a multi-product marketing framework.

We are strengthening our commercialization capabilities through expanding our sales and academic promotion teams, and deepening our hospital and pharmacy coverage to maximize the commercial potential of our innovative therapies. As of the Latest Practicable Date, we had four commercialized drugs. Our commercialized products have been introduced across hospitals nationwide. As of June 30, 2026, Zepsun[®], Zepuning and Zepuping were available in primary target medical institutions and pharmacies covering most provinces nationwide. This powerful combination of NRDL inclusion and extensive coverage ensures swift market penetration and exemplifies our ability to consistently replicate a high-efficiency commercialization pathway.

In addition, our established leadership and brand reputation in our focused therapeutic areas create a virtuous cycle, enabling us to maintain competitive advantages and market position, especially for our major revenue-contributing products. For instance, as of the Latest Practicable Date, Zepsun[®] has been included as a first-tier recommendation in 32 clinical guidelines and expert consensuses in HCC and thyroid cancer, including those of CSCO; Zepuning has been recommended in the *Chinese Expert Consensus on Haemostasis in Hip and Knee Arthroplasty (2025)* and the *Guideline for Perioperative Blood Management in Adult Abdominal Surgery (2026)*; Zepuping has been included in the *2026 CSCO Guidelines for Malignant Hematologic Diseases* as (i) a Grade I recommendation for the first-line treatment of primary myelofibrosis, (ii) a first-line treatment for patients with myelofibrosis-related anemia accompanied by symptomatic splenomegaly or systemic symptoms, and (iii) the preferred treatment (Grade II recommendation) for second-line treatment and patients with disease progression. Zepuping has also been recommended in the *Guiding Principles for Clinical Application of Gecacitinib in Treatment of Myelofibrosis* by the Leukemia Expert Committee of CSCO in 2025 as well as the *Guidelines for the Diagnosis and Treatment of 86 Rare Diseases* by the National Health Commission of the PRC in 2025; Zesuning has been recommended in the *Chinese Management Guidelines for Radioactive Iodine-refractory Differentiated Thyroid Cancer* by Chinese Society of Nuclear Medicine in 2025. With a growing professional in-house sales and academic promotion team and strategic partnerships with CSOs, we ensure broad market coverage and rapid product uptake. Our established sales network, combined with real-time market analytics, enables us to anticipate and respond to changing customer needs, optimize promotional strategies, and achieve effective market penetration for both existing and future products.

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Moreover, we are advancing a global strategy designed to build competitiveness and foster a collaborative ecosystem. Supported by a research team with extensive experience in multinational pharmaceutical companies and international clinical development, and technology platforms that meet global standards, we are systematically positioning our products for entry into international markets. We plan to pursue diverse collaboration models, including out-licensing and co-development, while establishing strategic partnerships with leading domestic and international pharmaceutical companies.

In June 2025, we entered into an exclusive commercialization service agreement with ATSA, a Swiss subsidiary of Merck, pursuant to which ATSA acts as our exclusive service provider for the commercialization of Zesuning in the PRC. Merck has been operating in China for nearly 30 years and is a leading enterprise in the diagnosis and treatment of thyroid diseases in China. We selected Merck as our partner for its unparalleled physician network, commercial infrastructure, and therapeutic expertise in thyroid oncology, which we believe positions us to achieve rapid and broad market uptake of Zesuning without incurring the full cost of building a dedicated in-house commercialization team for this product. This collaboration has contributed directly to our financial performance through an upfront payment of RMB50 million and another payment of RMB200 million received in July 2025 and February 2026, respectively, pursuant to the terms of the agreement, and we expect that this collaboration will promote our revenue generated from the sales of Zesuning as its sales volume grows. For further details, please see “Business — Sales and Promotion — CSOs.”

On December 30, 2025, we entered into a collaboration and option to license agreement with AbbVie, a wholly-owned subsidiary of AbbVie Inc. (NYSE: ABBV) which is a global biopharmaceutical company headquartered in the United States with a broad and diversified product portfolio spanning immunology, oncology, neuroscience and aesthetics. Under this arrangement, AbbVie has an exclusive option to obtain an exclusive license to develop, manufacture, commercialize or otherwise exploit ZG006 Licensed Products in AbbVie Territory. This collaboration was entered into on the basis of the recognized clinical potential and global competitiveness of ZG006 as the world’s first DLL3/DLL3/CD3 trispecific antibody, and our assessment that partnering with AbbVie would allow us to maximize the value of ZG006 in international markets by leveraging AbbVie’s global clinical development capabilities, regulatory expertise, and established oncology commercialization network, while we focus our resources on advancing ZG006 and our broader pipeline in Chinese Mainland, Hong Kong, and Macau. In terms of financial contribution, we received an upfront payment of US\$100 million in January 2026 from AbbVie, and are eligible to receive further clinical development milestone and option-related payments of up to US\$60 million in aggregate. Should AbbVie exercise the option, we are further eligible to receive milestone payments of up to US\$1,075 million and tiered royalties at percentages ranging from high-single-digit to mid-double-digit on annual net sales of ZG006 Licensed Products in the AbbVie Territory. These milestone payments are expected to generate substantial cash flow for us in the future to support our continuous R&D activities. For further details, please see “Business — Our Collaboration and License Arrangements.”

We pursue a differentiated, region-specific out-licensing strategy aligned with our pipeline positioning and maturity. For core innovative assets, we will generally retain development and commercialization rights in Chinese Mainland, Hong Kong and Macau while out-licensing overseas rights. Marketed and non-oncology products are commercialized through exclusive strategic collaborations with domestic or international partners. Licensing agreements typically involve upfront payments, development and sales milestones, and tiered royalties.

These initiatives will enable us to realize returns on early-stage investment, mitigate development risks, and create a solid foundation for our drugs to reach patients worldwide. We aim not only to expand our market presence but also to embed our innovation within a broader ecosystem of international cooperation.

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Strategically focus on product R&D and continuously strengthen our competitiveness.

Our proprietary pipeline products are anchored by multiple competitive drug candidates, including Gecacitinib Hydrochloride Tablet and its clinical programs for ankylosing spondylitis and atopic dermatitis and Human Thyrotropin beta for Injection and its clinical programs for postoperative treatment of thyroid cancer. ZG006, the world’s first DLL3/DLL3/CD3 trispecific antibody for SCLC and NEC; and ZG005, a leading PD-1/TIGIT bispecific antibody for HCC, NEC, cervical cancer and other solid tumors. In addition, our robust intellectual property portfolio provides strong protection for our innovative assets and underscores our long-term competitiveness. As of June 30, 2026, we have been granted 152 invention patents, including 39 in China and 113 in overseas jurisdictions, and have cumulatively filed 378 pending patent applications globally. Our product portfolio spans multiple therapeutic areas and development stages, allowing us to respond flexibly to shifting market trends and policy environments.

Our priority is to further accelerate the commercialization of our late-stage pipeline drug candidates, expediting the pivotal/Phase III clinical trials of ZG006 and ZG005, and the global clinical development and collaborations of these key assets with domestic and international partners.

Optimize cost structure and enhance operational efficiency.

We are committed to optimizing our cost structure and enhancing operational efficiency to support sustainable growth. We are actively reducing the cost of sales by identifying and securing alternative sources for raw materials, which helps mitigate supply risks and lower procurement expenses. Specifically, for the CDMOs responsible for manufacturing the intermediates and APIs of Zepsun® and Zepuning, we have qualified alternative CDMO suppliers capable of fulfilling the same manufacturing roles. This dual-supplier arrangement enables competitive bidding on procurement and reduces our reliance on any single manufacturing source, thereby mitigating supply concentration risk. For imported raw materials, we have established both U.S. and European suppliers, and procurement prices have declined in recent years. For Zepuning, we completed domestic substitution of imported filler materials by qualifying domestic suppliers, resulting in significant cost reductions. At the same time, we are improving our manufacturing processes and investing in advanced technologies, including targeted manufacturing process optimization for Zepuning, to improve production efficiency, increase yield, and reduce waste. As a result of these combined measures, the unit production cost of Zepsun® decreased from RMB148.2 per box in 2022 to RMB116.5 per box in 2025, and the unit production cost of Zepuning decreased from RMB117.3 per BOX in 2024 to RMB91.4 per BOX in 2025. These initiatives enable us to better control costs, strengthen our competitive position, and support margin improvement as we scale our commercial operations.

Building upon the foregoing strategies, through continuous innovation, disciplined execution, and a culture of adaptability and entrepreneurship, we have demonstrated the feasibility and capability to modify our business in response to changing market demands. Our integrated capabilities, market insights, and financial strength position us to sustain and enhance our competitive standing in our core therapeutic areas, capture new growth opportunities, and deliver long-term value to stakeholders.

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

The table below sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current assets				
Property, plant and equipment	260,167	317,040	416,163	450,186
Right-of-use assets	61,252	58,254	40,188	35,928
Intangible assets	35,447	21,918	7,776	2,038
Prepayments	4,018	31,503	61,954	76,118
Equity instrument designated at fair value through other comprehensive income (“FVTOCI”)	5,988	—	—	—
Total non-current assets	366,872	428,715	526,081	564,270
Current assets				
Inventories	110,852	182,861	173,267	192,873
Trade and bills receivables	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	93,548	129,644	208,928	132,601
Financial assets at fair value through profit or loss (“FVTPL”)	137,019	40,501	—	375,576
Bank balances and cash	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets	2,520,336	2,575,899	2,443,105	2,961,969
Total assets	2,887,208	3,004,614	2,969,186	3,526,239
Current liabilities				
Trade and bills payables	123,719	167,731	230,854	268,208
Other payables and accruals	131,927	219,810	141,707	142,245
Contract liabilities	—	—	1,248	39,293
Tax liabilities	20,638	20,946	13,972	11,696
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Total current liabilities	1,135,182	1,373,444	1,427,939	1,185,163
Net current assets	1,385,154	1,202,455	1,015,166	1,776,806
Total assets less current liabilities	1,752,026	1,631,170	1,541,247	2,341,076
Non-current liabilities				
Bank borrowings	—	44,351	84,000	83,500
Deferred tax liabilities	9,583	5,701	1,640	—
Lease liabilities	29,456	26,861	8,597	5,716
Deferred income	68,150	301,655	366,560	531,373
Total non-current liabilities	107,189	378,568	460,797	620,589
Total liabilities	1,242,371	1,752,012	1,888,736	1,805,752
Net assets	1,644,837	1,252,602	1,080,450	1,720,487

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Property, Plant and Equipment

Our property, plant and equipment primarily consist of (i) construction in progress, (ii) plant and buildings, (iii) machinery and equipment, (iv) leasehold improvements, (v) furniture and fixtures, and (vi) motor vehicles. Our property, plant and equipment increased by RMB56.8 million, or 21.8%, from RMB260.2 million as of December 31, 2023 to RMB317.0 million as of December 31, 2024, primarily due to an increase in plant and buildings. Our property, plant and equipment increased by RMB99.2 million, or 31.3%, from RMB317.0 million as of December 31, 2024 to RMB416.2 million as of December 31, 2025, primarily due to an increase in construction in progress resulting from the construction of a new R&D center and the production expansion plan following the commercialization of Zepuning and Zepsun[®]. Our property, plant and equipment increased by RMB34.0 million, or 8.2%, from RMB416.2 million as of December 31, 2025 to RMB450.2 million as of June 30, 2026, primarily due to the completion of our phase II R&D and manufacturing center in June 2026 and the purchase of additional machinery.

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,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Construction in progress	135,827	95,851	217,603	2,100
Plant and buildings	29,103	131,124	125,966	325,229
Machinery and equipment	70,867	71,509	60,354	112,250
Leasehold improvements	16,390	11,393	5,980	3,879
Furniture and fixtures	7,532	6,870	5,838	5,614
Motor vehicles	448	293	422	1,114
Total	260,167	317,040	416,163	450,186

Right-of-use Assets

Our right-of-use assets primarily consist of land use right and buildings. Our right-of-use assets decreased by RMB3.0 million, or 4.9%, from RMB61.3 million as of December 31, 2023 to RMB58.3 million as of December 31, 2024, which decreased by RMB18.1 million, or 31.0%, to RMB40.2 million as of December 31, 2025 and further decreased by RMB4.3 million, or 10.6%, to RMB35.9 million as of June 30, 2026, primarily due to the depreciation recognized each period, and the reduction in our lease payments.

The following table sets forth a breakdown of the carrying amount of our right-of-use assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Land use right	24,384	23,599	22,814	22,421
Buildings	36,868	34,655	17,374	13,507
Total	61,252	58,254	40,188	35,928

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Intangible Assets

Our intangible assets primarily consist of non-patent technology and software. Our intangible assets decreased by RMB13.5 million, or 38.1%, from RMB35.4 million as of December 31, 2023 to RMB21.9 million as of December 31, 2024, which then decreased by RMB14.1 million, or 64.5%, from RMB21.9 million as of December 31, 2024 to RMB7.8 million as of December 31, 2025 and further decreased by RMB5.7 million, or 73.8%, from RMB7.8 million as of December 31, 2025 to RMB2.0 million as of June 30, 2026, primarily due to the amortization of non-patent technology from RMB5.6 million as of December 31, 2025 to nil as of June 30, 2026, mainly attributable to the completion of amortization of the non-patent technology relating to the proprietary antibody R&D and bispecific antibody technology platform of our Gensun Biopharma, in May 2026.

The following table sets forth a breakdown of the carrying value of our intangible assets as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-patent technology	32,609	19,393	5,565	–
Software	2,838	2,525	2,211	2,038
Total	<u>35,447</u>	<u>21,918</u>	<u>7,776</u>	<u>2,038</u>

Impairment Testing for Non-financial Assets, Non-current

Our management has assessed whether there are any indicators of impairment for all of our non-financial assets, non-current (including property, plant and equipment, right-of-use assets and intangible assets) at the end of each period comprising the Track Record Period by reviewing the internal and external sources of information. Given that (i) our non-financial assets, non-current were neither obsolete nor physically damaged, (ii) although we incurred losses in each year or period during the Track Record Period primarily due to large amount of R&D expenses incurred, the progress of our R&D activities and the sales performance remained consistent with our management’s expectations, and (iii) our actual losses incurred for the periods ended December 31, 2023, 2024, 2025 and the six months ended June 30, 2025 and 2026 did not exceed the estimated losses for the corresponding periods. Accordingly, we concluded that as of December 31, 2023, 2024, 2025 and June 30, 2026, no indicators of impairment for our non-financial assets, non-current were identified.

Inventories

Our inventories primarily consist of (i) raw materials for production purpose, (ii) raw materials for research purpose, (iii) finished goods, (iv) work in progress, (v) low-value consumables and (vi) others. Our inventory increased by RMB72.0 million, or 64.9%, from RMB110.9 million as of December 31, 2023 to RMB182.9 million as of December 31, 2024, primarily due to the increased inventory level of raw materials, as we maintained additional stock in preparation for the commencement of commercial-scale production or in support of critical stages of our R&D activities. Our inventory decreased from RMB182.9 million as of December 31, 2024 to RMB173.3 million as of December 31, 2025, primarily due to (i) a decrease in raw materials for use during clinical trials and pre-clinical R&D activities, (ii) a decrease in work in progress resulting from our optimized production scheduling and the improved production efficiency of Zepuning, and (iii) a decrease in consumables used during the production of APIs of Zepuning. Our inventory increased from RMB173.3 million as of December 31, 2025 to RMB192.9 million as of

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June 30, 2026, primarily due to an increase in raw materials for research purpose of RMB47.3 million in support of advancing clinical trials for our pipeline candidates including ZG005 and ZG006; partially offset by (i) a decrease in raw materials for production purpose of RMB18.6 million primarily related to the production of our commercialized pharmaceutical products, and (ii) a decrease in finished goods of RMB15.3 million, primarily because we reduced the production of Zepsun[®] in line with the optimization of its stockpiling.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Raw materials for production purpose	38,304	86,634	90,863	72,301
Raw materials for research purpose	53,883	46,523	40,379	87,633
Work in progress	2,037	20,629	11,375	17,694
Finished goods	6,535	19,954	28,902	13,646
Low value consumables	10,093	8,984	1,748	1,532
Others	—	137	—	67
Total	110,852	182,861	173,267	192,873

The following table sets forth our inventory turnover days during the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
Inventory turnover days ⁽¹⁾	213	521	392	265

Note:

- (1) Inventory turnover days for a year or a period is the arithmetic mean of the beginning and ending balances of inventory related to commercialized products for the relevant year or period divided by cost of sales for the relevant year or period and multiplied by 360 days for the full-year period.

The following table sets forth the aging analysis of our inventories as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 12 months	66,847	149,519	114,170	148,436
1 to 2 years	34,389	12,927	46,970	28,777
Over 2 years	9,616	20,415	12,127	15,660
Total	110,852	182,861	173,267	192,873

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Our inventory turnover days increased from 213 days in 2023 to 521 days in 2024, primarily due to our strategic stock preparation in anticipation of the commercialization of Zepuning. And our inventory turnover days decreased to 392 days in 2025, primarily due to the increased sales volume and the accompanying growth in inventory turnover rate. Our inventory turnover days further decreased to 265 days for the six months ended June 30, 2026, primarily due to the continued increase in sales volume of our commercialized products, which accelerated our inventory turnover. As of July 31, 2026, approximately RMB29.1 million, or 14.7% of inventories as of June 30, 2026, were subsequently utilized.

The following table sets forth an aging analysis of our finished goods as of the date indicated. During the Track Record Period, the shelf life of Zepsun[®], Zepuning, Zepuping and Zesuning were 36 months, 36 months, 24 months and 24 months, respectively. The finished goods aging within one year/period were RMB5.4 million, RMB16.4 million, RMB26.9 million and RMB10.5 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, representing 82.3%, 82.3%, 93.2% and 76.9% of the total finished goods in the same periods, respectively.

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Within 1 year	5,380	16,420	26,923	10,499
1 to 2 years	1,155	—	1,978	3,147
Over 2 years	—	3,535	1	—
Total	6,535	19,954	28,902	13,646

We do not consider there to be any material recoverability issue in respect of our inventories. Following the commercialization of our products, we adopt a make-to-order production model under which production volumes are aligned with sales demand, and we generally maintain only the level of finished goods necessary to ensure stable supply. Inventory aging observed in the first year after a new product is launched is mainly attributable to (i) uncertainty in approval timing, which may result in pre-approval dynamic-inspection batches becoming saleable with a shorter remaining shelf life, and (ii) the absence of reliable sales benchmarks at launch, which may lead to optimistic sales forecasts and temporarily longer inventory cycles. These factors are inherent to the early commercialization stage, and inventory levels and turnover typically stabilize after one to two years. Taking into account the shelf life of our products and their subsequent utilization and sales, we are of the view that there is no material inventory recoverability or impairment issue.

Trade and Bills Receivables

Our trade and bills receivables primarily consist of (i) trade receivables mainly representing the balances due from our customers for our products, and (ii) bills receivables mainly representing bank acceptance notes from our customers used to settle their payment due to us. We generally grant our customers credit terms ranging from 30 to 60 days. We take into consideration a number of factors in determining the credit term of a customer, including its cash flow conditions and creditworthiness. Please refer to the paragraphs headed “Business — Sales, Promotion and Distribution — Distribution” for more details of our distributor management. We seek to maintain strict control over our outstanding receivables, and overdue balances are regularly reviewed and actively monitored by senior management to minimize credit risk. In view of the above and the fact that our trade and bills receivables relate to a large number of customers, the concentration of credit risk is minimal. Further details on our credit policy and credit risk arising from trade and bills receivables, please refer to Notes 23 and 37(b) to the Accountants’ Report set forth in Appendix I to this document.

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The following table sets forth details of our trade and bills receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Trade receivables	106,463	150,847	159,182	215,033
Bills receivables	—	323	3,029	7
Less: expected credit losses . .	(5,323)	(7,542)	(7,959)	(10,752)
Total	101,140	143,628	154,252	204,288

The following table sets forth our trade and bills receivables turnover days for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
				(Unaudited)
Trade and bills receivables turnover days ⁽¹⁾	89	83	66	64

Note:

- (1) Trade and bills receivables turnover days for a year or a period equals the arithmetic mean of the beginning and ending trade receivable balances (excluding the licensing revenue in the corresponding period) divided by revenue for that year or period and multiplied by 360 days for the full-year period.

Our trade and bills receivables increased by RMB42.5 million, or 42.0%, from RMB101.1 million as of December 31, 2023 to RMB143.6 million as of December 31, 2024, by RMB10.7 million, or 7.4%, to RMB154.3 million as of December 31, 2025 and further by RMB50.0 million, or 32.4%, to RMB204.3 million as of June 30, 2026, primarily due to the increase in our revenue. Our trade and bills receivables turnover days were 89 days, 83 days, 66 days and 64 days for 2023, 2024, 2025 and the six months ended June 30, 2026, respectively. The decrease in our trade and bills receivables turnover days was primarily because of the addition of Zepuning into our commercialized products mix in 2025, which has a relatively lower turnover days with its distributors compared to Zepsun[®] and Zepuping, thereby reducing the average collection period.

The following table sets forth an aging analysis of our trade receivables (net of allowance for credit losses), based on the date of revenue recognition, as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 year	101,140	143,628	154,252	204,288
Total	101,140	143,628	154,252	204,288

As of July 31, 2026, approximately RMB94.4 million, or 43.9% of trade receivables as of June 30, 2026, were subsequently settled.

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As of December 31, 2023, 2024, 2025 and June 30, 2026, our trade receivables mainly comprised receivables from large, high-credit-rated central enterprises, state-owned enterprises and listed companies. During the Track Record Period, we maintained long-term stable cooperative relationships with these customers, generally with transaction history exceeding three years, and there has not been any substantial bad debt loss historically. Their payment behavior has been highly predictable and their financial conditions and payment capabilities are generally minimally affected by short-term economic fluctuations, resulting in extremely low default probabilities and long-term stability. Taking into account (i) the credit profile of our customers, (ii) our historical collection experience without material bad debts, (iii) the aging profile of our trade receivables, (iv) subsequent collection and/or settlement progress up to the Latest Practicable Date, and (v) the absence of material disputes or other collectability concerns identified by the Directors, we are of the view that there is no material trade receivables recoverability or impairment issue.

Other Receivables, Deposits and Prepayments

Our other receivables, deposits and prepayments primarily consist of interest receivable, prepaid technical service fee, prepayments to suppliers, deposits, value-added tax credit refund, prepayments on construction and acquisition of property, plant and equipment, staff advances and other receivables.

The following tables set forth the breakdown of our other receivables, deposits and prepayments as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Non-current				
Prepaid technical service fee . .	–	27,621	58,328	62,801
Prepayments on construction and acquisition of property, plant and equipment	4,018	3,882	3,626	13,317
	<u>4,018</u>	<u>31,503</u>	<u>61,954</u>	<u>76,118</u>
Current				
Interest receivable	31,863	74,413	124,523	37,504
Prepayments to suppliers	46,251	41,282	44,992	63,882
Deposits	11,694	11,687	11,748	8,546
Value-added tax credit refund .	4,538	4,567	13,524	6,512
Other receivables	1,377	1,470	2,116	2,609
Staff advances	120	60	40	84
Deferred issue costs	–	–	15,520	17,029
Less: expected credit losses . .	(2,295)	(3,835)	(3,535)	(3,565)
Total	<u>93,548</u>	<u>129,644</u>	<u>208,928</u>	<u>132,601</u>

Our other receivables, deposits and prepayments increased from RMB93.5 million as of December 31, 2023 to RMB129.6 million as of December 31, 2024, primarily due to the accrual of interest on certain large-denomination negotiable certificates of time deposit with maturities exceeding one year, coupled with lower redemption amounts in 2024. Our other receivables, deposits and prepayments increased from RMB129.6 million as of December 31, 2024 to RMB208.9 million as of December 31, 2025, primarily due to (i) the accrual of interest on certain large-denomination negotiable certificates of time deposit with maturities exceeding one year, coupled with lower redemption amounts in 2025, (ii) an increase in 2025 prepaid technical service fees of RMB30.7 million, reflecting advance payments made to third-party service providers for

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outsourced technical services in connection with the commercialization of Zepsun[®] and Zepuning under their respective technology transfer arrangements, as well as the ongoing production expansion of Zepuning, and (iii) an increase in deferred issue costs of RMB15.5 million primarily relating to our [REDACTED] expenses. Our other receivables, deposits and prepayments decreased from RMB208.9 million as of December 31, 2025, to RMB132.6 million as of June 30, 2026, primarily due to (i) a decrease in interest receivable of RMB87.0 million, mainly attributable to the maturity redemption of large-denomination negotiable certificates of deposit purchased in prior periods, and (ii) a decrease in value-added tax credit refund of RMB7.0 million; partially offset by an increase in prepayments to suppliers of RMB18.9 million, primarily reflecting advance payments for clinical and preclinical service fees as we expand our R&D activities.

As of July 31, 2026, approximately RMB19.5 million, or 14.3%, of other receivables, deposits and prepayments as of June 30, 2026 were subsequently settled.

Financial Assets at FVTPL

Our financial assets at FVTPL primarily consist of (i) financial products issued by reputable commercial banks in the PRC, which are redeemable at any time or at maturity, and (ii) debt instruments, representing treasury bonds issued by the United States Federal Government.

We recorded financial assets at FVTPL of RMB137.0 million, RMB40.5 million, nil and RMB375.6 million as of December 31, 2023, 2024, 2025 and June 30, 2026. The fluctuation in financial assets at FVTPL mainly reflected the redemption of our financing investments upon maturity.

During the Track Record Period, as part of our treasury management, we invested in certain wealth management products to better utilize excess cash when our cash sufficiently covered our ordinary course of business. We have implemented a series of internal control policies and rules setting forth overall principles as well as detailed approval process for our treasury management activities. Our finance team is responsible for proposing, analyzing and evaluating potential investments in wealth management products and structured deposits. Our management will review the product proposed by our finance department and determine whether to approve the product after considering a number of factors, including but not limited to, general market conditions, materiality of investments and expected returns. Our Board oversees the overall financing activities and investment strategies and supervises the management of our Company’s auditing and treasury management activities. We limited our purchases to low-risk products from reputable financial institutions not affecting our daily operation and business prospects.

Upon [REDACTED], our investments in financial assets at FVTPL will be subject to compliance with Chapter 14 of the Listing Rules.

Bank Balances and Cash

Our bank balances and cash primarily consist of cash and bank balances and non-pledged time deposits. Our bank balances and cash remained relatively stable at RMB2,077.8 million as of December 31, 2023, as compared to RMB2,079.3 million as of December 31, 2024. Our bank balances and cash decreased from RMB2,079.3 million as of December 31, 2024 to RMB1,906.7 million as of December 31, 2025. Our bank balances and cash increased from RMB1,906.7 million as of December 31, 2025 to RMB2,056.6 million as of June 30, 2026. For an analysis on cash flows during the Track Record Period, please refer to the paragraphs headed “— Liquidity and Capital Resources.”

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Trade and Bills Payables

Our trade and bills payables primarily consist of balances due to our suppliers. Our trade and bills payables are not interest-bearing and are normally settled in 30 to 180 days. Our trade and bills payables increased from RMB123.7 million as of December 31, 2023 to RMB167.7 million as of December 31, 2024, to RMB230.9 million as of December 31, 2025 and further to RMB268.2 million as of June 30, 2026. Such increase was primarily due to increased procurement of raw and auxiliary materials in line with the growth in our sales volume, consistent with the commercialization of Zepuning in January 2024, Zepuping in May 2025 and Zesuning in January 2026.

The following tables set forth the breakdown of trade and bills payables as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (Unaudited)
Trade payables	123,719	157,523	208,385	228,984
Bills payables	—	10,208	22,469	39,224
Total	123,719	167,731	230,854	268,208

The following table sets forth an aging analysis of our trade and bills payables based on the date of service provided and date of goods acceptance as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within 1 year	91,181	110,281	185,531	207,208
1 to 2 years	26,720	51,209	36,655	37,936
2 to 3 years	2,541	4,827	3,829	15,836
Over 3 years	3,277	1,414	4,839	7,228
Total	123,719	167,731	230,854	268,208

The following table sets forth our trade and bills payables turnover days for the Track Record Period:

	Year Ended December 31,			Six Months Ended June 30,
	2023	2024	2025	2026
				(Unaudited)
Trade and bills payables turnover days ⁽¹⁾	88	124	140	169

Note:

- (1) Trade and bills payables turnover days for a year or a period equals the arithmetic mean of the beginning and ending trade and bills payables for the year or period divided by cost of sales and R&D expenses for that year or period and multiplied by 360 days for the full-year period.

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The trade and bills payables turnover days increased from 88 days in 2023 to 124 days in 2024 and further increased to 140 days for 2025 and increased to 169 days for the six months ended June 30, 2026; such increase was primarily due to the increased procurement of raw materials, as well as our ongoing clinical trials have not reached the contractual payment milestones.

As of July 31, 2026, RMB68.0 million, or 25.4%, of trade and bills payables as of June 30, 2026 were subsequently paid.

Other Payables and Accruals

Our other payables and accruals primarily consist of (i) payroll and welfare payables, (ii) construction payables, (iii) other taxes payables, (iv) payable for patent usage fees, (v) accruals, (vi) amounts due to related parties and (vii) other payables.

Our other payables and accruals increased by RMB87.9 million, or 66.6%, from RMB131.9 million as of December 31, 2023 to RMB219.8 million as of December 31, 2024, primarily attributable to the increase in amounts due to the consideration in connection with our acquisition of Gensun Biopharma. Our other payables and accruals decreased by RMB78.1 million, or 35.5%, from RMB219.8 million as of December 31, 2024 to RMB141.7 million as of December 31, 2025, primarily due to the settlement of consideration in connection with our acquisition of Gensun Biopharma. Our other payables and accruals remained relatively stable at RMB141.7 million as of December 31, 2025 and RMB142.2 million as of June 30, 2026.

The table below sets forth the details of our other payables and accruals as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Payroll and welfare payables . .	65,251	68,506	77,149	74,093
Construction payables	14,321	29,677	13,471	25,839
Other taxes payables	12,377	12,500	9,446	13,235
Payable for patent usage fees .	16,326	17,582	17,903	7,879
Accruals	7,059	7,916	7,505	3,417
Amounts due to related parties ⁽¹⁾	5,293	76,218	—	—
[REDACTED] costs payables .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	11,300	7,411	6,023	13,606
Total	131,927	219,810	141,707	142,245

Note:

- (1) The balance as of December 31, 2023 represented amounts payable in respect of the purchase of plant and equipment. The balance as of December 31, 2024 also included the remaining balances of the consideration payable in respect of the acquisition of 36.43% equity interest in Gensun Biopharma during the year ended December 31, 2024 of approximately RMB70,925,000. Both balances were fully settled during the year ended December 31, 2025.

As of July 31, 2026, approximately RMB36.9 million, or 26.0%, of other payables and accruals as of June 30, 2026 were subsequently settled.

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Deferred Income

Our deferred income consists of (i) receipts in advance for exclusive marketing license and (ii) government grants. Our deferred income was RMB68.2 million, RMB301.7 million, RMB366.6 million and RMB531.4 million as of December 31, 2023, 2024, 2025 and as of June 30, 2026, respectively.

The table below sets forth the details of our deferred income as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Receipts in advance for exclusive marketing license ⁽¹⁾	56,604	292,453	358,490	523,690
Government grants	11,546	9,202	8,070	7,683
Total	68,150	301,655	366,560	531,373

Note:

- (1) Representing the receipts in advance for exclusive marketing license from Grand Life Sciences and ATSA to promote our sales of products for a term of 10 and 15 years, respectively. For more details, see “Business — Sales, Promotion and Distribution — Sales and Promotion — CSOs.”

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through equity and debt financings and cash generated from our operating activities. Our primary uses of cash are to fund the research and development of our pipeline assets.

Current Assets and Liabilities

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

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current assets				
Inventories	110,852	182,861	173,267	192,873
Trade and bills receivables	101,140	143,628	154,252	204,288
Other receivables, deposits and prepayments	93,548	129,644	208,928	132,601
Financial assets at FVTPL	137,019	40,501	—	375,576
Bank balances and cash	2,077,777	2,079,265	1,906,658	2,056,631
Total current assets	2,520,336	2,575,899	2,443,105	2,961,969
Current liabilities:				
Trade and bills payables	123,719	167,731	230,854	268,208
Other payables and accruals	131,927	219,810	141,707	142,245
Contract liabilities	—	—	1,248	39,293
Tax liabilities	20,638	20,946	13,972	11,696

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	As of December 31,			As of June 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Total current liabilities	1,135,182	1,373,444	1,427,939	1,185,163
Net current assets	1,385,154	1,202,455	1,015,166	1,776,806

Our net current assets increased from RMB1,015.2 million as of December 31, 2025 to RMB1,776.8 million as of June 30, 2026. The increase was primarily due to (i) an increase in financial assets at FVTPL of RMB375.6 million, mainly arising from the upfront payment from AbbVie in accordance with the AbbVie agreement and a milestone payment from Merck (ii) an increase in bank balances and cash of RMB150.0 million, (iii) an increase in trade and bills receivables of RMB50.0 million, and (iv) a decrease in bank borrowings of RMB314.0 million; partially offset by (i) a decrease in other receivables, deposits and prepayments of RMB76.3 million, mainly due to a decrease in interest receivable following the maturity redemption of large-denomination negotiable certificates of deposit purchased in prior periods, (ii) an increase in contract liabilities of RMB38.0 million, and (iii) an increase in trade and bills payables of RMB37.4 million.

Our net current assets decreased from RMB1,202.5 million as of December 31, 2024 to RMB1,015.2 million as of December 31, 2025. The decrease was primarily due to (i) a decrease in bank balances and cash of RMB172.6 million, (ii) an increase in bank borrowings of RMB77.4 million and (iii) an increase in trade and bills payables of RMB63.1 million, partially offset by (i) a decrease in other payables and accruals of RMB78.1 million, (ii) an increase in other receivables, deposits and prepayments of RMB79.3 million and (iii) an increase in trade and bills receivables of RMB10.6 million.

Our net current assets decreased from RMB1,385.2 million as of December 31, 2023 to RMB1,202.5 million as of December 31, 2024. The decrease was primarily due to (i) an increase in bank borrowings of RMB108.0 million, (ii) a decrease in financial assets at FVTPL of RMB96.5 million and (iii) an increase in other payables and accruals of RMB87.9 million, partially offset by (i) an increase in inventories of RMB72.0 million and (ii) an increase in trade and bills receivables of RMB42.5 million.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Net cash from/(used in) operating activities . .	(289,924)	42,308	(32,575)	(10,324)	814,558
Net cash from/(used in) investing activities . .	(589,133)	(566,649)	(55,356)	(62,191)	407,458
Net cash from/(used in) financing activities . .	1,507,522	(54,750)	(3,968)	19,233	(338,694)

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	Year Ended December 31,			Six Months Ended June 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net increase (decrease) in cash and cash equivalents	628,465	(579,091)	(91,899)	(53,282)	883,322
Cash and cash equivalents at the beginning of the year/period	171,106	799,777	217,265	217,265	124,658
Effect of foreign exchange rate changes	206	(3,421)	(708)	(621)	(5,349)
Cash and cash equivalents at the end of the year/period	799,777	217,265	124,658	163,362	1,002,631

Operating Activities

For the six months ended June 30, 2026, our net cash generated from operating activities was RMB814.6 million, which was primarily attributable to our profit before tax of RMB638.6 million arising from the upfront payment received from AbbVie, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB164.8 million, (ii) an increase in contract liabilities of RMB38.0 million, and (iii) an increase in trade and bills payables of RMB38.4 million. Negative adjustments primarily included (i) an increase in trade and bills receivables of RMB52.8 million, (ii) interest income of RMB27.9 million, and (iii) an increase in inventories of RMB24.9 million.

In 2025, our net cash used in operating activities was RMB32.6 million, which was primarily attributable to our loss before tax of RMB168.7 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB64.9 million, mainly representing the upfront payment we received from Merck as agreed in the exclusive commercialization service agreement in relation to our strategic promotional partnership with it, (ii) an increase in trade and bills payables of RMB60.1 million, and (iii) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB55.6 million. Negative adjustments primarily included (i) an increase in other receivables, deposits and prepayments of RMB13.1 million, (ii) interest income of RMB55.1 million and (iii) an increase in trade and bills receivables of RMB11.0 million. We expect to improve our operating cash flow position through the following efforts:

- (i) Strengthening commercialization and revenue growth. Since the launch of Zepsun® in 2021 and three subsequent products, we have continuously strengthened its commercialization team, partnered with renowned CSOs, and expanded our nationwide distribution network, including hospital and pharmacy coverage, to drive sales growth. With the commercialization of each product, we have broadened market reach and steadily increased revenue, ensuring that sales income grows year by year and supports the gradual improvement of operating cash flows;
- (ii) Enhancing budget discipline and cost control. We have deepened disciplined budget management by setting cost-reduction and efficiency targets, decomposing them into actionable measures, and strictly monitoring execution. Specifically for the management of R&D activities, our finance department regularly reviews project progress and budget execution, helping research teams focus on priority programs and improve efficiency; and

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- (iii) Optimizing working capital management. We have strengthened capital management with measures including closely monitoring receivables and managing settlement cycles with distributors and suppliers by credit terms. Surplus funds have been invested in low-risk structured deposits and negotiable large-denomination certificates of deposit to improve cash yields. We have also secured bank loans at relatively low interest rates.

In 2024, our net cash generated from operating activities was RMB42.3 million, which was primarily attributable to our loss before tax of RMB155.0 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) an increase in deferred income of RMB236.0 million, mainly representing the upfront payment we received from Grand Life Sciences as agreed in the exclusive commercialization service agreement in relation to our strategic promotional partnership with it, (ii) an increase in trade and bills payables of RMB36.3 million, and (iii) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB60.2 million. Negative adjustments primarily included (i) an increase in inventories of RMB72.0 million, (ii) interest income of RMB58.3 million and (iii) an increase in trade and bills receivables of RMB44.7 million.

In 2023, our net cash used in operating activities was RMB289.9 million, which was primarily attributable to our loss before tax of RMB299.1 million, as adjusted by certain non-cash and working capital items. Positive adjustments primarily included (i) depreciation of property, plant and equipment, and right-of-use assets, and amortization of intangible assets of RMB59.2 million, (ii) finance costs of RMB24.3 million and (iii) an increase in deferred income of RMB23.1 million. Negative adjustments primarily included forfeitures of share options of RMB36.7 million.

Investing Activities

For the six months ended June 30, 2026, our net cash generated from investing activities was RMB407.5 million, which was primarily attributable to withdrawal of non-pledged time deposits of RMB1,131.4 million and proceeds from disposal of financial assets at FVTPL of RMB437.0 million, partially offset by purchases of financial assets at FVTPL of RMB810.0 million, placement of non-pledged time deposits of RMB410.0 million, and purchases of property, plant and equipment of RMB49.4 million.

In 2025, our net cash used in investing activities was RMB55.4 million, which was primarily attributable to purchases of property, plant and equipment of RMB181.4 million, partially offset by withdrawal of non-pledged time deposits of RMB80.0 million.

In 2024, our net cash used in investing activities was RMB566.6 million, which was primarily attributable to (i) purchases of financial assets at FVTPL of RMB943.0 million and (ii) placement of non-pledged time deposits of RMB744.0 million, partially offset by proceeds from disposal of financial assets at FVTPL of RMB1,046.4 million.

In 2023, our net cash used in investing activities was RMB589.1 million, which was primarily attributable to (i) placement of non-pledged time deposits of RMB1,328.0 million and (ii) purchases of financial assets at FVTPL of RMB1,135.0 million, partially offset by (i) proceeds from disposal of financial assets at FVTPL of RMB1,261.6 million and (ii) withdrawal of non-pledged time deposits of RMB615.0 million.

Financing Activities

For the six months ended June 30, 2026, our net cash used in financing activities was RMB338.7 million, primarily attributable to repayment of bank borrowings of RMB370.2 million and interest paid of RMB11.6 million, partially offset by proceeds from bank borrowings of RMB56.0 million.

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In 2025, our net cash used in financing activities was RMB4.0 million, primarily attributable to (i) repayment of bank borrowings of RMB1,009.9 million, (ii) acquisitions of additional interests from non-controlling shareholders of a subsidiary of RMB80.4 million, (iii) interest paid of RMB24.3 million, partially offset by proceeds from bank borrowings of RMB1,127.0 million.

In 2024, our net cash used in financing activities was RMB54.8 million, primarily attributable to (i) repayment of bank borrowings of RMB1,134.8 million and (ii) acquisitions of additional interests from non-controlling shareholders of a subsidiary of RMB163.8 million, partially offset by proceeds from bank borrowings of RMB1,288.3 million.

In 2023, our net cash generated from financing activities was RMB1,507.5 million, primarily attributable to (i) issue of shares of RMB1,200.0 million and (ii) proceeds from bank borrowings of RMB983.8 million, partially offset by repayment of bank borrowings of RMB630.0 million.

INDEBTEDNESS

During the Track Record Period, we had indebtedness in the form of bank borrowings and lease liabilities. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Current liabilities:				
Bank borrowings	845,729	953,756	1,031,146	717,150
Lease liabilities	13,169	11,201	9,012	6,571
Non-current liabilities:				
Bank borrowings	–	44,351	84,000	83,500
Lease liabilities	29,456	26,861	8,597	5,716
Non-trade related amounts due to related parties	5,293	76,218	–	–
Total	893,647	1,112,387	1,132,755	812,937

Bank Borrowings

As of December 31, 2023, 2024, 2025 and June 30, 2026, our current and non-current bank borrowings were RMB845.7 million, RMB998.1 million, RMB1,115.1 million and RMB800.7 million, respectively. All of our bank borrowings are unsecured and denominated in RMB. For more details, see Note 29 to the Accountants’ Report set out in Appendix I to this document.

The following table sets forth a breakdown of our bank borrowings as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Discounted bills receivables	–	–	19,000	–
Bank borrowings –				
unsecured	843,800	997,279	1,095,400	800,200
Interest payables	1,929	828	746	450
Total	845,729	998,107	1,115,146	800,650

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As of the dates indicated, our bank borrowings were repayable as follows:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)
Within one year	843,800	952,928	1,011,400	716,700
Within a period of more than one year but not more than two years	–	14,784	84,000	42,286
Within a period of more than two years but not more than five years	–	29,567	–	41,214
Total	843,800	997,279	1,095,400	800,200

As of June 30, 2026, we had unutilized banking facilities of RMB2,100.6 million, all of which were committed and unrestricted.

Lease Liabilities

We are the lessee in respect of certain properties held under leases for our plant, offices and laboratories during the Track Record Period. As of December 31, 2023, 2024, 2025 and June 30, 2026, we had a total of current and non-current lease liabilities of RMB42.6 million, RMB38.1 million, RMB17.6 million, and RMB12.3 million respectively. The decrease in our lease liabilities was primarily due to the decreased office building rent under a supplemental lease agreement.

Non-trade Related Amounts due to Related Parties

As of December 31, 2023, 2024, 2025 and June 30, 2026, our non-trade amounts due to related parties were RMB5.3 million, RMB76.2 million, nil, and nil respectively. The balance of RMB5.3 million as of December 31, 2023 and 2025 represented payables arising from our commitment to purchase small nucleic acid drug processing equipment, and the increase to RMB76.2 million as of December 31, 2024 was primarily due to consideration payable for the acquisition of the minority equity interest in our U.S. subsidiary, Gensun Biopharma and the repurchase price payable for equipment from a related party, which was subsequently settled in 2025. The non-trade amount due to related parties remained at nil as of June 30, 2026.

Indebtedness Statement

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

Our Directors confirm that there have been no material changes in our indebtedness since June 30, 2026, up to the date of this document.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any difficulty in obtaining additional debt or equity financing, nor has there been any breach of covenants under our bank borrowings or other financing arrangements. Our Directors

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confirm that (i) all bank borrowings outstanding as of the Latest Practicable Date were in compliance with the relevant loan covenants and conditions, (ii) we have not been refused any credit facility applications, and (iii) we have not experienced any default or delay in the repayment of bank borrowings.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set forth in Note 41 to the Accountants’ Report in Appendix I to this document was conducted in the ordinary course of business and on an arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures primarily consisted of payments for the construction of the Phase II R&D and manufacturing center, the purchase of equipment, and other capitalized investments. Our capital expenditures in 2023, 2024, 2025 and the six months ended June 30, 2026 were RMB62.9 million, RMB100.0 million, RMB135.1 million and RMB46.6 million, respectively. Historically, we have funded our capital expenditures mainly through equity and debt financings and cash generated from operations.

We expect to incur capital expenditures in the future to purchase and maintain our property, plant and equipment, intangible assets and right-of-use assets, which we expect to fund primarily through cash generated from operations. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, the market conditions and various other factors we believe to be appropriate.

CONTRACTUAL OBLIGATIONS

Capital Commitments

As of December 31, 2023, 2024 and 2025 and June 30, 2026, we had capital commitments outstanding at the respective year or period end not provided for in the financial statements of RMB106.4 million, RMB60.2 million, RMB119.3 million and RMB1.0 million. Our capital commitments during the Track Record Period primarily arose from construction contracts in relation to plant and buildings and machinery and equipment. See Note 43 to the Accountants’ Report set out in Appendix I to this document for more details.

CONTINGENT LIABILITIES

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

WORKING CAPITAL CONFIRMATION

The Directors are of the opinion that, taking into account the financial resources available to our Group, including cash on hand, internally generated funds and the estimated [REDACTED] from the [REDACTED], we will have sufficient working capital to cover our working capital needs, including development, clinical trial, sales and administrative expenses, for at least the next twelve months from the date of this document.

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KEY FINANCIAL RATIOS

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

	Year Ended/As of December 31,			Six Months Ended/As of June 30,
	2023	2024	2025	2026
Gross profit margin ⁽¹⁾	92.6%	93.6%	90.0%	94.5%
Current ratio ⁽²⁾	2.2	1.9	1.7	2.5
Quick ratio ⁽³⁾	2.1	1.7	1.6	2.3
Gearing ratio ⁽⁴⁾	54.0%	82.7%	104.8%	47.3%

Notes:

- (1) Gross profit margin equals gross profit for the year/period divided by revenue for the respective year/period and multiplied by 100%.
- (2) Current ratio equals total current assets divided by total current liabilities as of the relevant dates.
- (3) Quick ratio equals total current assets less inventories divided by total current liabilities as of the relevant dates.
- (4) Gearing ratio is calculated by dividing bank loans and lease liabilities divided by total equity as of the end of the year or period multiplied by 100%.

Please refer to the paragraph headed “— Discussion of Certain Selected Items from the Consolidated Statements of Financial Position” in this section for a discussion of the factors affecting our current assets and current liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners’ equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or R&D services with us.

DISCLOSURE ABOUT FINANCIAL RISKS

Our major financial assets and liabilities include equity instrument designated at FVTOCI, financial assets at FVTPL, trade and bills receivables, other receivables and deposits, bank balances and cash, trade and other payables, and bank borrowings. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. Our management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner. See Note 37 to the Accountants’ Report set out in Appendix I to this document for more details.

Market Risk

Interest Rate Risk

We are exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, non-pledged time deposits and bank balances.

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We are also exposed to fair value interest rate risk related primarily to fixed-rate bank borrowings. We currently do not enter into any interest rate swaps to hedge its exposure to fair value interest rate risk. However, our management will consider hedging significant interest rate exposure should the need arise.

Foreign Currency Risk

Our transactions were mainly conducted in RMB, the functional currency of our Company and its subsidiaries, and our major receivables and payables are denominated in RMB. We are subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currencies other than the functional currency of the relevant group entity. The majority of our Group’s foreign currency transactions and balances are denominated in USD. Our management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Other Price Risk

Our Group is exposed to equity price risk through its investments in equity instrument measured at FVTOCI and financial assets at FVTPL. We invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI. In addition, we invested in wealth management plans and listed debt instruments which were classified as financial assets at FVTPL. We currently do not have a hedging policy in relation to the price risk. We have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

For more information, see Note 37 to the Accountants’ Report set out in Appendix I to this document for more details.

Credit Risk and Impairment Assessment

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk exposures are primarily attributable to trade and bills receivables, other receivables, deposits and liquid funds.

We implement comprehensive credit risk management and impairment assessments in accordance with the IFRS 9 expected credit loss (“ECL”) model for trade receivables, bills receivables, other receivables, deposits and liquid funds. Trade and bills receivables are measured at lifetime ECL via the IFRS 9 simplified approach, while other receivables and deposits are generally recognized at 12-month ECL, with lifetime ECL applied if their credit risk rises significantly. ECL provisions and reversals for each year or period are determined based on historical loss experience, forward-looking economic forecasts and applicable loss rates. Liquid funds bear low credit risk as they are placed with highly-rated international banks and domestic state-owned banks with negligible default probability. No material changes to estimation techniques and assumptions were made during the Track Record Period.

Our receivables have a diversified customer base with little credit risk concentration, and our overall credit exposure is well controlled. The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. Our management considers the probability of default is negligible on the basis of high credit-rating issuers in 2023, 2024, 2025 and the six months ended June 30, 2026. The concentration of credit risk in respect of trade receivables is minimal, as we have a large number of customers. Our management continues to monitor and assess the financial status of the counterparties, and believes the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

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For details, please refer to Note 37 of the Accountants’ Report set out in Appendix I to this document.

Liquidity risk

Our Group’s objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. Our management closely monitors the liquidity position and its compliance with lending covenants and expects to have adequate sources of funding to finance our operations.

For details, please refer to Note 37 to the Accountants’ Report set out in Appendix I to this document.

DIVIDEND

We do not currently have a formal dividend policy or a fixed dividend payout ratio. No dividend has been proposed, paid or declared by us during the Track Record Period and up to Latest Practicable Date. After the completion of the [REDACTED], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. A decision to declare or to pay dividends in the future and the amount of dividends will be at the discretion of our Board and will depend on a number of factors, including our results of operations, cash flows, financial condition, payments by our subsidiaries of cash dividends to us, business prospects, statutory, regulatory restrictions on our declaration and payment of dividends and other factors that our Board may consider important. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the relevant laws. Our Shareholders in a general meeting may approve any declaration of dividends.

According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations: recovery of the losses incurred in the previous year; allocations to the statutory reserve equivalent to 10% of our profit after tax; and allocations to a discretionary common reserve of certain percentage of our profit after tax that are approved by a Shareholders’ meeting.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. Pursuant to the Shareholder Return Plan approved by the Shareholders’ meeting on May 16, 2025, the amount of the cash dividend distributed should be at least 20% of our profits available for distribution generated in each financial year.

In view of our accumulated losses, as advised by our PRC Legal Adviser, according to the relevant PRC laws and regulations and the Articles of Association, we shall not declare or pay dividend until the accumulated losses are covered by our after-tax profits and sufficient statutory common reserve are drawn in accordance with the relevant laws, regulations and our Articles of Association.

Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Directors and subject to the approval of the Shareholders’ meeting in each financial year.

DISTRIBUTABLE RESERVES

As of June 30, 2026, we did not have any distributable reserves.

FINANCIAL INFORMATION

[REDACTED] EXPENSES

[REDACTED] expenses to be borne by us are estimated to be approximately HK\$[REDACTED] (including [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the mid-point of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per H Share), which represent [REDACTED]% of the [REDACTED] from the [REDACTED], assuming no H Shares are issued pursuant to the [REDACTED]. The above [REDACTED] expenses are comprised of (i) [REDACTED] expenses of HK\$[REDACTED], and (ii) [REDACTED] expenses of HK\$[REDACTED], including (a) the legal advisers and the reporting accountants’ expenses of HK\$[REDACTED], and (b) other fees and expenses of HK\$[REDACTED]. During the Track Record Period, we recorded [REDACTED] expenses of RMB[REDACTED] for the period ended June 30, 2026. We expect to incur further [REDACTED] expenses after the Track Record Period, of which approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is attributable to the issue of H Shares and will be deducted from equity upon [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, other than those disclosed in paragraphs headed “Summary — Recent Developments” in this document, after performing all the due diligence work which our Directors consider appropriate, that, as of the date of this document, there has been no material adverse change in our financial or trading position or prospects since June 30, 2026 and up to the date of 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.