

FINANCIAL INFORMATION

You should read the following discussion and analysis together with our consolidated financial statements included in the Accountants’ Report in Appendix I to this document, together with the accompanying notes. Our consolidated financial statements were prepared in accordance with HKFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties. Our actual performance and results may differ materially from our expectations and predictions as a result of certain factors, including those set out in the sections entitled “Forward-Looking Statements,” “Risk Factors,” and elsewhere in this document. In addition, certain industry issues also affect our financial condition and results of operations, as described in “Industry Overview.”

OVERVIEW

We are a China-based medical device company focused on providing novel solutions for the treatment and integrated management of metabolic diseases. Founded in Hangzhou in 2016 and by developing the first medical device approved for the digestive endoscopic treatment of obesity in China, we have established ourselves as an early entrant advancing clinical applications in the metabolic disease field, providing novel solutions that offer therapeutic features distinct from pharmacotherapy and invasive bariatric surgery in metabolic diseases treatment. We envision a future where our minimally invasive technologies deliver clinical benefits for metabolic diseases, benefiting patients worldwide.

We have strategically focused our product portfolio on metabolic diseases, a therapeutic area characterized by vast, growing patient populations and significant unmet medical needs. Driven by global lifestyle changes, urbanization, and aging populations, metabolic diseases, including obesity, MASH and T2DM, have become a pervasive global health challenge, creating one of the largest and fastest-growing opportunities in the medical device sector.

To seize these market opportunities and address the unmet medical needs associated with metabolic diseases, we initiated the development of our Core Product, the GBS in 2017, led by a senior management team with extensive experience and deep insights in the medical device industry. We have strategically built a product pipeline that spans from the treatment devices for obesity and metabolic diseases, to compatible devices and integrated management products, all of which focusing on the treatment and management of metabolic diseases, addressing indications including overweight, obesity, MASH complicated with obesity, and T2DM complicated with obesity. As of the Latest Practicable Date, we have successfully developed and commercially launched one EBMT treatment device product, being our Core Product, and obtained registration approval on two compatible products that are designed to facilitate the operations of treatment devices and one digital health management platform for integrated management. In addition, we are expanding the approved indications for the GBS for a lower BMI and independently developing various other pipeline product candidates at different stages, targeting mainstream viable EBMT options for metabolic diseases, enabling us to penetrate this vast but underserved market.

BASIS OF PREPARATION

Our consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRS Accounting Standards effective for the accounting period commencing from January 1, 2026, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of our historical financial information throughout years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026.

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The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are disclosed in note 2.1 of Appendix I to this document.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

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

Development and Commercialization of Our Products and Product Candidates

Our business and results of operations depend on our ability to successfully execute our product development and commercialization strategy, including sustaining the commercial growth of our Core Product, extension of indications and specifications for our Core Product, and advancing our pipeline candidates towards commercialization.

As we commenced commercial sales of our Core Product in 2024, our financial performance is directly linked to our ability to drive continual market penetration and revenue growth. This depends on effectively managing our commercial operations, securing adequate production capacity, and collaborating with competent distributors to ensure our Core Product is accessible to and accepted by hospitals and physicians.

To extend our reach to broader, currently underserved patient populations, we are actively exploring opportunities to expand approved indications and target patient populations, as well as introducing new specifications of our Core Product. Our future results of operations will benefit from our ability to successfully validate these extended indications, thereby generating revenue streams from broader demographic groups.

As of the Latest Practicable Date, we had cultivated a competitive portfolio of products and product candidates to capture the market potential in obesity, MASH, T2DM, and other prevalent and high-burden metabolic diseases we target. Our long-term growth is dependent on the successful development of our pipeline candidates, especially our Key Products, the GBS-SH, the GBS-DM, the DIGB and RIGB. It is crucial that we demonstrate their safety and efficacy in ongoing clinical trials, such as the pivotal trial for DIGB in China, obtain requisite regulatory approvals, including but not limited to CE marking and NMPA registration, and successfully launch these products in both domestic and international markets.

Our Cost Structure

Our cost structure during the Track Record Period primarily consisted of research and development expenses, selling and marketing expenses and administrative expenses.

During the Track Record Period, we incurred research and development expenses of RMB41.1 million, RMB48.7 million, RMB22.0 million and RMB38.7 million in the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. These expenses represented a significant component of our cost structure during the relevant periods, accounting for 54.5%, 43.6%, 47.7% and 40.8% of our total operating expenses for the same periods, the largest component of our cost structure during each of the relevant periods. In the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, research and development expenses incurred for our Core Product were RMB10.7 million, RMB19.3 million, RMB7.5 million and RMB11.4 million respectively, accounting for 25.9%, 39.7%, 34.0% and 29.6% of our total research and development expenses for the corresponding periods. Going forward, we expect to continue to incur significant research and development expenses as we advance our pipeline product candidates towards clinical completion and global registration.

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We also incurred selling and marketing expenses during the Track Record Period, which was mainly related to the commercialization efforts of our Core Product, and primarily consisted of employee benefit expenses, and business development expenses. These expenses amounted to RMB16.6 million, RMB26.3 million, RMB10.5 million and RMB22.8 million, accounting for 22.0%, 23.6%, 22.7% and 24.0% of our total operating expenses, in the year ended December 31, 2024 and 2025, and the six months ended June 30, 2025 and 2026, respectively.

Our administrative expenses, which primarily consisted of employee benefit expenses, equity-settled share award expenses, and professional service fees, amounted to RMB17.7 million, RMB36.7 million, RMB13.7 million and RMB33.4 million, accounting for 23.5%, 32.9%, 29.6% and 35.2% of our total operating expenses, in the year ended December 31, 2024 and 2025, and the six months ended June 30, 2025 and 2026, respectively.

Going forward, our cost structure will evolve as we scale the commercialization of our Core Product and further develop our pipeline. We expect our selling and marketing expenses to increase in absolute amounts as we expand our marketing efforts to drive market penetration. Simultaneously, as our pipeline product candidates progress through clinical trials and advance towards commercialization, we expect to incur continued expenses related to research and development. Additionally, we may also incur increased legal, compliance, accounting, insurance, and investor and public relations expenses associated with being a public company in Hong Kong.

Funding for Our Operations

During the Track Record Period, we funded our operations mainly through equity financing, primarily comprising capital injection from our Shareholders, and bank borrowings. Going forward, in the event of the successful commercialization of one or more of our product candidates in addition to our GBS, we expect to fund our operations in part with revenue generated from sales of our commercialized products. However, with the continuing expansion of our business and product pipelines, we may require further funding through public or private equity offerings, borrowings or other sources. Any changes in our ability to fund our operations will affect our cash flow and results of operations. For additional details, see “—Liquidity and Capital Resources.”

MATERIAL ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of our historical financial information requires our management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Such judgments, estimates and assumptions are continually evaluated and are based on historical experience and various other factors, including expectations of future events, that are believed to be reasonable under the circumstances, from which our actual results may differ. See note 2.3 and 3 and other notes to the relevant financial line items or transactions to the Accountants’ Report set out in Appendix I to this document for a detailed description of our material accounting policies, judgments and estimates.

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PRINCIPAL COMPONENTS OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table sets forth a summary of our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Revenue	12,709	32,210	12,379	23,690
Cost of sales	(2,427)	(6,787)	(2,745)	(3,580)
Gross profit	10,282	25,423	9,634	20,110
Other income and gains	1,813	608	137	7,762
Selling and marketing expenses	(16,596)	(26,314)	(10,490)	(22,782)
Administrative expenses	(17,733)	(36,690)	(13,674)	(33,360)
Research and development expenses	(41,126)	(48,674)	(22,029)	(38,685)
Impairment losses on financial and contract assets, net	(89)	97	51	(17)
Other expenses	(776)	(231)	(102)	(179)
Finance costs	(1,732)	(2,549)	(1,196)	(1,176)
Loss before tax	(65,957)	(88,330)	(37,669)	(68,327)
Income tax expense	—	—	—	—
Loss for the year/period	(65,957)	(88,330)	(37,669)	(68,327)

For details on the accounting treatment of special rights in relation to pre-[REDACTED] investments, see “— Pre-[REDACTED] Investments”, and note 25 of the Accountants’ Report set out in Appendix I to this document.

Non-HKFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with HKFRS Accounting Standards, we also use adjusted net loss as additional financial measures, which is not required by, or presented in accordance with HKFRS Accounting Standards. We believe this non-HKFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, such non-HKFRS financial measure we presented may not be directly comparable to similar measures presented by other companies. The use of this non-HKFRS measure should not be considered as a substitute for analysis of our results of operations or financial condition as reported under HKFRS.

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We define adjusted net loss for the year/period (non-HKFRS measure) as loss for the year/period adjusted by adding back equity-settled share award expenses and [REDACTED] expenses. The following table reconciles our adjusted net loss for the year/period (non-HKFRS measure) presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS, which is loss for the year/period:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Loss for the year/period	(65,957)	(88,330)	(37,669)	(68,327)
Add:				
Equity-settled share award expenses	1,244	5,819	365	14,844
[REDACTED] expenses	—	5,425	—	7,902
Adjusted net loss for the year/period (non-HKFRS measure)	(64,713)	(77,086)	(37,304)	(45,581)

Notes:

- (1) Equity-settled share award expenses mainly represent the non-cash employee benefit expenses incurred in connection with our award to management and key employees. Such expenses in any specific period are not expected to result in future cash payments.

Revenue

During the Track Record Period, substantially all of our revenue was generated from sales of our Core Product with a minor portion derived from sales of other products such as CNT product, all of which were generated in China. We recorded revenue of RMB12.7 million, RMB32.2 million, RMB12.4 million and RMB23.7 million in the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively.

We generate revenue through sales to distributors and direct sales. The table below sets forth a breakdown of our revenue by sales channel for the periods indicated:

	Year ended December 31,				Six months ended June 30,			
	2024		2025		2025		2026	
	RMB	%	RMB	%	RMB	%	RMB	%
	(RMB in thousands, except for percentages)							
	(unaudited)							
Sales to distributors	12,600	99.1	32,086	99.6	12,326	99.6	23,628	99.7
Direct sales	109	0.9	124	0.4	53	0.4	62	0.3
Total	12,709	100.0	32,210	100.0	12,379	100.0	23,690	100.0

Cost of Sales

During the Track Record Period, our cost of sales was costs incurred for sales of our products. In the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our cost of sales was RMB2.4 million, RMB6.8 million, RMB2.7 million and RMB3.6 million, respectively.

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Other Income and Gains

Our other income primarily consists of income from export activities, and government grants. Income from export activities is primarily derived from trading of consumables to explore business opportunities and gain better understanding of overseas markets. Government grants we received during the Track Record Period had no conditions or contingencies attached or were recognized upon compliance with the attached conditions.

The following table sets forth a breakdown of our other income for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Government grants	345	314	38	7,665
Interest income	22	132	61	55
Income from export activities (net basis)	1,387	41	32	41
Foreign exchange gains, net	54	—	—	—
Others	5	121	6	1
Total	1,813	608	137	7,762

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of: (i) employee benefit expenses, (ii) business development expenses, (iii) depreciation and amortization, and (iv) equity-settled share award expenses.

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Employee benefit expenses	9,178	12,202	5,403	9,345
Business development expenses	5,930	11,217	4,159	7,136
Equity-settled share award expense	93	1,375	183	5,490
Depreciation and amortization	1,395	1,520	745	811
Total	16,596	26,314	10,490	22,782

Administrative Expenses

Our administrative expenses primarily consist of: (i) employee benefit expenses, (ii) professional service fees, primarily including legal consulting, other service fees and auditors fees, (iii) depreciation and amortization, (iv) office expenses, (v) equity-settled share award expenses, and (vi) others, primarily including hospitality and travel expenses, and utilities.

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The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Employee benefit expenses	10,585	16,823	8,232	9,787
Professional service fees	1,925	6,407	3,708	4,547
Office expenses	2,004	2,031	786	1,857
Depreciation and amortization	1,960	1,895	808	1,153
Equity-settled share award expense	89	2,822	(343)	6,654
[REDACTED] expenses	—	5,425	—	7,902
Others	1,170	1,287	483	1,460
Total	17,733	36,690	13,674	33,360

Research and Development Expenses

Our research and development expenses primarily consist of (i) employee benefit expenses, (ii) testing and clinical expenses, (iii) raw materials and consumables used, (iv) equity-settled share award expenses, (v) depreciation and amortization, and (vi) others, primarily including intellectual property application and maintenance expenses, expert consultation fees, and transportation expenses.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Employee benefit expenses	16,364	18,616	9,009	14,359
Testing and clinical expenses	8,447	9,130	2,878	8,930
Raw materials and consumables used	5,570	6,248	4,973	2,953
Depreciation and amortization	4,887	5,469	2,548	2,503
Equity-settled share award expense	945	1,402	467	2,254
Others	4,913	7,809	2,154	7,686
	41,126	48,674	22,029	38,685

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The following table sets forth a breakdown of research and development expenses attributable to our Core Product for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Employee benefit expenses	5,540	6,622	2,797	4,471
Testing and clinical expenses	1,391	2,827	1,519	851
Raw materials and consumables used	918	2,972	1,422	1,238
Depreciation and amortization	641	577	243	1,188
Equity-settled share award expense	529	2,310	233	661
Others	1,632	4,033	1,271	3,024
Total	10,651	19,341	7,485	11,433

In the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, research and development expenses incurred for our Core Product were RMB10.7 million, RMB19.3 million, RMB7.5 million and RMB11.4 million, respectively, accounting for 25.9%, 39.7%, 34.0% and 29.6% of our total research and development expenses for the corresponding periods. Our research and development expenses incurred for our Core Product increased in 2025, primarily as we focused on the commercialization for our GBS in 2024 following its NMPA registration approval in January, and invested more resources in 2025 to concurrently preparing for the pivotal clinical study for extension of indication of our GBS to cover a lower BMI and introducing more specifications.

Other Expenses

Our other expenses, primarily consist of charitable donation expenses and foreign exchange loss, net. The following table sets forth a breakdown of our other expenses, for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Charitable donation expenses	750	207	100	145
Foreign exchange loss, net	—	24	2	30
Others	26	—	—	4
Total	776	231	102	179

Finance Costs

During the Track Record Period, our finance costs mainly comprised interest expenses on bank borrowings and interest expenses on lease liabilities.

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

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Interest expenses on bank borrowings	1,347	2,242	1,037	1,004
Interest expenses on lease liabilities	385	307	159	172
Total	1,732	2,549	1,196	1,176

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2026 Compared with Six Months Ended June 30, 2025

Revenue

Our revenue increased by 91.4% from RMB12.4 million in the six months ended June 30, 2025 to RMB23.7 million in the same period in 2026, primarily driven by the continued sales expansion of our Core Product as it gained further market adoption.

Cost of Sales

Our cost of sales increased by 30.4% from RMB2.7 million in the six months ended June 30, 2025 to RMB3.6 million in the same period in 2026, primarily attributable to the increase in our sales volume.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 108.7% from RMB9.6 million in the six months ended June 30, 2025 to RMB20.1 million in the same period in 2026, primarily driven by our revenue growth. Our gross profit margin increased from 77.8% in the six months ended June 30, 2025 to 84.9% in the same period in 2026, primarily due to the decrease in the average unit production costs of our GBS as we benefited from economies of scale.

Other Income and Gains

Our other income and gains increased from RMB0.1 million in the six months ended June 30, 2025 to RMB7.8 million in the same period in 2026, primarily due to an increase in certain one-off government grants received during the period.

Selling and Marketing Expenses

Our selling and marketing expenses increased by approximately 117.2% from RMB10.5 million in the six months ended June 30, 2025 to RMB22.8 million in the same period in 2026, primarily due to (i) an increase in equity-settled share award expense; (ii) an increase in employee benefit expenses as a result of the expansion of our sales team; and (iii) an increase in business development expenses in connection with our intensified marketing and promotional activities.

Administrative Expenses

Our administrative expenses increased by approximately 144.0% from RMB13.7 million in the six months ended June 30, 2025 to RMB33.4 million in the same period in 2026, primarily due to (i) the

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recognition of [REDACTED] expenses in connection with the [REDACTED]; (ii) a charge of equity-settled share award expense in the six months ended June 30, 2026, as compared with a reversal of in same period of 2025; and (iii) an increase in office expenses.

Research and Development Expenses

Our research and development expenses increased by approximately 75.6% from RMB22.0 million in the six months ended June 30, 2025 to RMB38.7 million in the same period in 2026, primarily due to (i) an increase in employee benefit expenses as a result of the expansion of our R&D team; (ii) an increase in testing and clinical expenses in connection with the advancement of our product pipeline; (iii) an increase in equity-settled share award expense; and (iv) an increase in patent and registration fee, partially offset by a decrease in raw materials and consumables used.

Other Expenses

Our other expenses remained relatively stable at RMB0.1 million and RMB0.2 million in the six months ended June 30, 2025 and 2026, respectively.

Finance Costs

Our finance costs remained relatively stable at RMB1.2 million and RMB1.2 million in the six months ended June 30, 2025 and 2026, respectively.

Loss for the Period

As a result of the foregoing, we recorded loss for the period of RMB37.7 million and RMB68.3 million in the six months ended June 30, 2025 and 2026, respectively.

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

Revenue

Our revenue increased significantly by 153.4% from RMB12.7 million for 2024 to RMB32.2 million for 2025, primarily due to rapid sales ramp-up of our Core Product, the GBS, as the number of listing provinces and hospitals adopting the product increased, accelerating sales growth.

Cost of Sales

Our cost of sales increased by 179.6% from RMB2.4 million for 2024 to RMB6.8 million for 2025, in line with the growth in our revenue.

Gross Profit and Gross Profit Margin

Our gross profit increased by 147.3% from RMB10.3 million for 2024 to RMB25.4 million for 2025, primarily due to the substantial sales growth of our Core Product. Our gross profit margin remained relatively stable at 80.9% and 78.9% in 2024 and 2025, respectively.

Other Income and Gains

Our other income and gains decreased by 66.5% from RMB1.8 million for 2024 to RMB0.6 million for 2025, primarily due to suspension of certain ancillary export sales in 2025 that had contributed a substantial portion of our other income and gains in the prior year.

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Selling and Marketing Expenses

Our selling and marketing expenses increased by 58.6% from RMB16.6 million for 2024 to RMB26.3 million for 2025, primarily due to (i) an increase in staff costs driven by the expansion of our sales force to support the commercialization of our Core Product; and (ii) an increase in business development expenses incurred for academic promotion and technical training activities for our Core Product.

Administrative Expenses

Our administrative expenses increased by 106.9% from RMB17.7 million for 2024 to RMB36.7 million for 2025, primarily due to (i) an increase in employee benefit expenses resulting from the expansion of our management personnel to support our operation; and (ii) an increase in professional service fees, which mainly in relation to our financing activities.

Research and Development Expenses

Our research and development expenses increased by 18.4% from RMB41.1 million for 2024 to RMB48.7 million for 2025, primarily due to (i) an increase in raw materials and consumables used, attributable to the advancement of R&D projects, and (ii) an increase in employee benefit expenses, resulting from the expansion of R&D personnel.

Other Expenses

Our other expenses decreased by 70.2% from RMB0.8 million for 2024 to RMB0.2 million for 2025, primarily due to higher charitable donations made in 2024.

Finance Costs

Our finance costs increased by 47.2% from RMB1.7 million for 2024 to RMB2.5 million for 2025, primarily because an increase in interest expenses on bank borrowings resulting from a higher amount of borrowings, partially offset by a decrease in interest expenses on lease liabilities.

Loss for the Year

As a result of the foregoing, we recorded loss for the year of RMB66.0 million and RMB88.3 million for 2024 and 2025, respectively.

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DISCUSSION OF CERTAIN KEY ITEMS FROM OUR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As of December 31,		As of
	2024	2025	June 30,
			2026
	(RMB in thousands)		
Total non-current assets	23,119	34,634	43,322
Total current assets	26,402	65,523	180,047
Total assets	49,521	100,157	223,369
Total non-current liabilities	1,315	1,786	7,199
Total current liabilities	93,075	105,751	102,033
Total liabilities	94,390	107,537	109,232
Net current (liabilities)/assets	(66,673)	(40,228)	78,014
Paid-in capital	14,220	15,642	17,716
Reserves/(Deficits)	(59,089)	(23,022)	96,421
Total equity/(deficits)	(44,869)	(7,380)	114,137

For details on the accounting treatment of special rights in relation to pre-[REDACTED] investments, see “— Pre-[REDACTED] Investments”, and note 25 of the Accountants’ Report set out in Appendix I to this document.

Current Assets and Current Liabilities

	As of December 31,		As of June 30,	As of July 31,
	2024	2025	2026	2026
	(RMB in thousands)			(unaudited)
Current assets				
Inventories	5,871	5,486	7,280	7,892
Trade receivables	2,030	193	310	515
Prepayments, other receivables and other assets	5,768	6,728	12,469	16,476
Cash and cash equivalents	12,733	53,116	159,988	139,383
Total current assets	26,402	65,523	180,047	164,266
Current liabilities				
Trade payables	1,272	1,174	1,309	3,345
Other payables and accruals	23,819	24,619	19,296	19,343
Interest-bearing bank borrowings	58,048	75,053	75,051	60,173
Lease liabilities	8,613	3,822	5,514	4,987
Contract liabilities	1,323	363	119	134

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	As of December 31,		As of June 30,	As of July 31,
	2024	2025	2026	2026
	(RMB in thousands)			(unaudited)
Provision	—	720	744	744
Total current liabilities	93,075	105,751	102,033	88,726
Net current (liabilities)/assets	(66,673)	(40,228)	78,014	75,540

Inventories

Our inventories primarily consist of: (i) raw materials; (ii) work in progress; and (iii) finished goods.

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

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Inventories			
Raw materials	4,463	3,655	5,041
Work in progress	531	1,634	1,878
Finished goods	917	546	655
Provision for inventory impairment	(40)	(349)	(294)
Total	5,871	5,486	7,280

Our inventories remained relatively stable at RMB5.9 million, RMB5.5 million as of December 31, 2024 and 2025, respectively. Our inventories increased to RMB7.3 million as of June 30, 2026, primarily due to the increase in raw materials, work-in-progress and finished goods for GBS in line with the continued growth in sales volume and expanded production scale. As of July 31, 2026, RMB1.4 million, or 18.7%, of our inventories as of June 30, 2026, had been used, consumed or sold.

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

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Inventories			
Within one year	5,753	4,924	6,360
One to two years	89	529	902
Over two years	29	33	18
Total	5,871	5,486	7,280

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The table below sets forth the average inventory turnover days for the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
Average inventory turnover days*	634	305	325

* Average inventory turnover days equal the average of the opening and closing inventory balances of the indicated period divided by the cost of sales for the same period and multiplied by 365 days or 182 days.

We had relatively high level of inventory turnover days in 2024 as we started commercialization of our Core Product in the same year and built up inventory in anticipation of upcoming sales. Our inventory turnover days decreased from 634 days in 2024 to 305 days in 2025, primarily due to the rapid scale-up of our commercial sales, which significantly accelerated our inventory consumption. Our inventory turnover days remained relatively stable at 325 days for the six months ended June 30, 2026.

Trade Receivables

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

	As of December 31,		As of June 30,
	2024	2025	2026
(RMB in thousands)			

Trade Receivables

Receivables	2,137	203	337
Less: Provision for expected credit losses	(107)	(10)	(27)
Total	<u>2,030</u>	<u>193</u>	<u>310</u>

Our trade receivables decreased from RMB2.0 million as of December 31, 2024 to RMB0.2 million as of December 31, 2025, and remained at relatively low level of RMB0.3 million as of June 30, 2026, primarily due to the subsequent settlement of outstanding receivables from certain distributors to whom we had granted temporary credit extensions in late 2024 in light of their liquidity constraints. As of July 31, 2026, RMB74,000, or 22.0%, of our trade receivables as of June 30, 2026, had been subsequently settled.

The table below sets forth an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
(RMB in thousands)			
Within one year	2,030	3	130
One to two years	—	190	—
Two to three years	—	—	180
Total	<u>2,030</u>	<u>193</u>	<u>310</u>

The table below sets forth the average trade receivables turnover days for the periods indicated:

	For the year ended December 31,		Six months ended June 30,
	2024	2025	2026
Average trade receivables turnover days* . . .	34	13	2

* Average trade receivables turnover days equal the average of the opening and closing trade receivables balances of the indicated period divided by the revenue for the same period and multiplied by 365 days or 182 days.

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Our trade receivables turnover days decreased from 34 days in 2024 to 13 days in 2025, primarily due to the settlement of the aforementioned temporary credit extensions granted in 2024. Our trade receivables turnover days remained at a relatively low level of two days in the six months ended June 30, 2026, as we mainly require our distributors to make prepayments.

Prepayments, Other Receivables and Other Assets, Current Portion

Our current prepayments, other receivables and other assets primarily consist of: (i) prepayments for purchases of raw material, (ii) prepayments for other purpose, (iii) tax recoverable, and (iv) deposits and guarantees. The following table sets forth a breakdown of current portion of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Prepayments for purchases of raw materials	746	719	2,120
Other prepayments	670	2,691	5,375
Tax recoverable	3,934	2,135	1,920
Deferred [REDACTED] expense	–	1,110	2,773
Deposits and guarantees	62	73	105
Others	356	–	176
Total	<u>5,768</u>	<u>6,728</u>	<u>12,469</u>

Our current prepayments, other receivables and other assets increased from RMB5.8 million as of December 31, 2024 to RMB6.7 million as of December 31, 2025 and further increased to RMB12.5 million as of June 30, 2026, primarily because of an increase in prepayments driven by our expanded production scale and marketing activities to meet the growing sales of our GBS.

Trade Payables

Our trade payables primarily consist of payables for raw materials and processing, and other payables.

Our trade payables remained relatively stable at RMB1.3 million, RMB1.2 million and RMB1.3 million as of December 31, 2024 and 2025 and June 30, 2026, respectively. As of July 31, 2026, RMB0.3 million, or 23.8%, of our trade payables as of June 30, 2026, had been subsequently settled.

The table below sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Within one year	1,150	976	1,167
Over one year	122	198	142
Total	<u>1,272</u>	<u>1,174</u>	<u>1,309</u>

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The table below sets forth the average trade payables turnover days for the periods indicated:

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
Average trade payables turnover days*	133	66	59

* Average trade payables turnover days equal the average of the opening and closing trade payables balances of the indicated period divided by the cost of sales for the same period and multiplied by 365 days or 182 days.

Our trade payables turnover days decreased from 133 days in 2024 to 66 days in 2025, and further to 59 days in the six months ended June 30, 2026, primarily due to the significant increase in our cost of sales driven by rapid sales growth, while our trade payables balance remained relatively stable.

Other Payables and Accruals

Our accruals and other payables primarily consist of: (i) payroll payables; (ii) deposits received; and (iii) payables for clinical studies. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Payroll payables	12,407	8,588	10,851
Deposits received	5,570	6,475	4,520
Payables for clinical studies	4,369	1,414	1,198
Accrued [REDACTED] expense	–	3,669	623
Others	1,473	4,473	2,104
Total	23,819	24,619	19,296

Our other payables and accruals increased from RMB23.8 million as of December 31, 2024 to RMB24.6 million as of December 31, 2025, primarily due to the accrued final payment following the partial acceptance of our Quzhou facility, as well as the accrual of [REDACTED] expenses. Our other payables and accruals decreased to RMB19.3 million as of June 30, 2026, primarily due to (i) the settlement of accrued [REDACTED] expenses in the first half of 2026; and (ii) a decrease in deposits received due to termination of cooperation with certain distributors and refund of the corresponding deposits, partially offset by an increase in payroll payables as our headcount continued to grow.

Non-Current Assets and Non-Current Liabilities

	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Non-current assets			
Property, plant and equipment	10,675	20,284	20,094
Right-of-use assets	9,029	6,870	14,131
Prepayments, other receivables and other assets	1,544	5,023	5,932

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	As of December 31,		As of June 30,
	2024	2025	2026
	(RMB in thousands)		
Intangible assets	1,871	2,457	3,165
Total non-current assets	23,119	34,634	43,322
Non-current liabilities			
Lease liabilities	1,315	1,786	7,199
Total non-current liabilities	1,315	1,786	7,199

Property, Plant and Equipment

Our property, plant and equipment primarily include our machinery and equipment, leasehold improvements, and construction in progress of our Quzhou production facility. The carrying amount of our property, plant and equipment was RMB10.7 million and RMB20.3 million as of December 31, 2024 and 2025, respectively. The increase in the carrying amount of our property, plant and equipment was primarily due to the capitalization of a portion of our Quzhou facility upon its partial acceptance in December 2025, as well as procurement of new machinery and equipment to support our production and R&D activities, including key additions such as activation instruments. Our property, plant and equipment remained relatively stable at RMB20.1 million as of June 30, 2026.

Right-of-Use Assets

Our right-of-use assets primarily include our land use rights and property leases in Hangzhou, Shanghai, Tianjin and Quzhou. Our right-of-use assets decreased from RMB9.0 million as of December 31, 2024 to RMB6.9 million as of December 31, 2025, primarily due to depreciation. Our right-of-use assets increased to RMB14.1 million as of June 30, 2026, primarily due to addition of new leases.

Prepayments, Other Receivables and Other Assets, Non-current Portion

Our non-current prepayments, other receivables and other assets primarily include prepayments for property, plant and equipment. Our prepayments, other receivables and other assets increased from RMB1.5 million as of December 31, 2024 to RMB5.0 million as of December 31, 2025, primarily due to an increase in prepayments for property, plant and equipment related to our production facility under construction in Quzhou, as well as an increase in input VAT recoverable classified as non-current assets. Our prepayments, other receivables and other assets further increased to RMB5.9 million as of June 30, 2026, primarily due to increased rental deposits paid in connection with additional leases.

Intangible Assets

Our intangible assets primarily include rights related to our software, including our Dtx. Our intangible assets increased from RMB1.9 million as of December 31, 2024 to RMB2.5 million as of December 31, 2025, and further increased to RMB3.2 million as of June 30, 2026, primarily due to (i) the acceptance and capitalization of our chronic disease management platform and its upgraded iterations, and (ii) the acquisition of general-purpose software to support our office operations and research and development activities, partially offset by the amortization charges incurred during the period.

SHARE CAPITAL

Pursuant to the shareholders agreement we entered into with our shareholders from December 15, 2016 to November 18, 2025 (collectively, the “**Agreements**”), we issued 9,216,000 ordinary shares to certain shareholders for a total net cash proceeds approximately RMB341.1 million (collectively the “**Pre-[REDACTED] Investments**”). Pursuant to the Agreements, we granted such shareholders certain special rights included redemption rights.

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There was no exercise of redemption rights granted by us throughout the Track Record Period.

On December 30, 2025, we and such shareholders subsequently entered into supplemental agreements, agreeing that the redemption rights granted by us to such shareholders, have been irrecoverably terminated on the day before the first filing of the Listing application, and shall be void ab initio. Taking into account the legal and regulatory framework of our jurisdiction and the governing law of the supplemental agreements, the Directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Track Record Period.

Had the redemption rights granted by us to such shareholders been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements,

(i) the redemption financial liabilities, total current liabilities, net current liabilities, and net deficits would have been:

	As of December 31,	
	2024	2025
	(RMB in thousands)	
Redemption financial liabilities	287,048	443,706
Total current liabilities	380,123	549,457
Net current liabilities	(353,721)	(483,934)
Net deficits	(331,917)	(451,086)

(ii) the finance costs associated with the redemption financial liabilities, the net loss, basic and dilutive loss per share would have been:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Finance costs associated with the redemption financial				
liabilities	20,276	26,843	12,783	3,379
Total net loss	(86,233)	(115,173)	(50,452)	(71,706)
Basic and dilutive loss per share (RMB per share)	(0.61)	(0.77)	(0.34)	(0.43)

For further details of the financial impacts, see note 25 to the Accountants’ Report set out in Appendix I to this document.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of liquidity consist of cash and cash equivalents, which we have historically generated primarily through equity financing and bank borrowings. In the year ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, we incurred net cash flows used in operating activities of RMB43.6 million, RMB72.9 million, RMB34.7 million and RMB56.0 million, respectively. As of July 31, 2026, we had cash and cash equivalents of RMB139.4 million. We expect that our cash needs in the near future will primarily relate to progressing the development of Core Product for indication extension and development of our product candidates towards receiving regulatory approval and commencing commercialization. Our management closely monitors the uses of cash and cash equivalents and strives to maintain a healthy liquidity for our operations.

Going forward, we believe that our liquidity requirements will be satisfied by a combination of existing cash and cash equivalents, borrowings, [REDACTED] from the [REDACTED], as well as revenue generated

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from sales of our Core Product. With the continuing expansion of our business, we may require further funding through public or private offerings, debt financing, collaboration arrangements, licensing arrangements or other sources.

Working Capital Confirmation

Our Directors are of the opinion that, taking into account the financial resources available to us, including cash and cash equivalents and the estimated [REDACTED] from the [REDACTED], and considering our cash burn rate, we have sufficient working capital to cover at least 125% of our costs, including research and development expenses, administrative expenses, and selling and marketing expenses, for at least the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly amount of net cash used in research and development and other operating activities, capital expenditures and lease payments including related interests. [REDACTED] of approximately HK\$[REDACTED] (or RMB[REDACTED]) in the [REDACTED], at an [REDACTED] of HK\$[REDACTED] per Share, being the low end of the indicative [REDACTED] range. Assuming an average cash burn rate going forward of [REDACTED] times the level in 2025, we estimate we will be able to maintain our financial viability for approximately [REDACTED] months from June 30, 2026, if we take into account our cash and cash equivalents as of June 30, 2026, and [REDACTED] months from June 30, 2026, if we also take into account all of the estimated [REDACTED] from the [REDACTED]. We will continue to monitor our cash flows from operations closely and expect to raise our next round of financing.

Cash Flows

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

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Net cash flows used in operating activities	(43,568)	(72,938)	(34,672)	(55,970)
Net cash flows used in investing activities	(5,816)	(13,740)	(3,253)	(5,420)
Net cash flows generated from financing activities	41,288	127,085	72,101	168,292
Net (decrease)/increase in cash and cash equivalents	(8,096)	40,407	34,176	106,902
Effect of foreign exchange rate changes, net	54	(24)	(2)	(30)
Cash and cash equivalents at beginning of year/period . .	20,775	12,733	12,733	53,116
Cash and cash equivalents at end of year/period	12,733	53,116	46,907	159,988

Net Cash Flows Used in Operating Activities

During the Track Record Period, we incurred negative cash flows from our operations. Substantially all of our operating cash outflows resulted from our research and development expenses, selling and marketing expenses, and administrative expenses.

In the six months ended June 30, 2026, we had net cash used in operating activities of RMB56.0 million. This amount represented our loss before income tax of RMB68.3 million, adjusted for

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non-cash and non-operating items, primarily including (i) equity-settled share award expenses of RMB14.8 million, (ii) depreciation of property, plant and equipment of RMB3.1 million, and (iii) depreciation of right-of-use assets of RMB2.6 million. The amount was further offset changes in working capital, primarily including (i) an increase in prepayments, other receivables and other assets of RMB4.3 million, and (ii) a decrease in other payables and accruals of RMB3.3 million.

In the year ended December 31, 2025, we had net cash used in operating activities of RMB72.9 million. This amount represented our loss before income tax of RMB88.3 million, adjusted for non-cash and non-operating items, primarily including (i) equity-settled share award expenses of RMB5.8 million, (ii) depreciation of right-of-use assets of RMB4.8 million, and (iii) depreciation of property, plant and equipment of RMB4.4 million. The amount was further adjusted by changes in working capital, primarily including a decrease in trade receivables of RMB1.9 million, partially offset by an increase in prepayments, other receivables and other assets of RMB2.8 million.

In the year ended December 31, 2024, we had net cash used in operating activities of RMB43.6 million. This amount represented our loss before income tax of RMB66.0 million, adjusted for non-cash and non-operating items, primarily including (i) depreciation of right-of-use assets of RMB4.7 million, and (ii) depreciation of property, plant and equipment of RMB3.6 million. The amount was further adjusted by changes in working capital, primarily including an increase in other payables and accruals of RMB14.6 million, partially offset by an increase in inventories of RMB3.3 million.

Net Cash Flows Used in Investing Activities

In the six months ended June 30, 2026, we had net cash used in investing activities of RMB5.4 million, mainly attributable to purchases of items of property, plant and equipment of RMB4.8 million.

In the year ended December 31, 2025, we had net cash used in investing activities of RMB13.7 million, mainly attributable to purchases of items of property, plant and equipment of RMB12.3 million.

In the year ended December 31, 2024, we had net cash used in investing activities of RMB5.8 million, mainly attributable to purchases of items of property, plant and equipment of RMB5.2 million.

Net Cash Flows Generated from Financing Activities

In the six months ended June 30, 2026, we had net cash generated from financing activities of RMB168.3 million, mainly attributable to (i) proceeds from issue of shares of RMB175.0 million, and (ii) new bank borrowings of RMB50.0 million, partially offset by repayment of bank borrowings of RMB50.0 million.

In the year ended December 31, 2025, we had net cash generated from financing activities of RMB127.1 million, mainly attributable to (i) proceeds from issue of shares of RMB120.0 million, and (ii) new bank borrowings of RMB105.0 million, partially offset by repayment of bank borrowings of RMB88.0 million.

In the year ended December 31, 2024, we had net cash generated from financing activities of RMB41.3 million, mainly attributable to new bank borrowings of RMB61.0 million, partially offset by repayment of bank borrowings of RMB15.0 million.

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CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Research and development costs				
<i>Research and development costs for our Core Product</i>				
Employee benefit costs	5,241	8,253	4,572	4,232
Testing and clinical costs	661	2,705	984	2,709
Raw materials and consumables costs	437	208	98	272
Contracting costs	1,597	2,165	591	1,128
Others	918	2,249	914	708
<i>Research and development costs for other products and product candidates</i>				
Employee benefit costs	10,288	8,009	4,437	8,985
Testing and clinical costs	5,910	11,488	7,191	6,810
Raw materials and consumables costs	5,317	10,443	4,311	3,680
Contracting costs	895	984	421	4,841
Others	3,757	2,919	1,920	2,568
Total	35,021	49,423	25,439	35,933

INDEBTEDNESS

During the Track Record Period, our indebtedness included interest-bearing bank borrowings and lease liabilities. As of July 31, 2026, being the indebtedness date for the purpose of the indebtedness statement, we had a total indebtedness of RMB87.9 million. The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,		As of June 30,	As of July 31,
	2024	2025	2026	2026
	(RMB in thousands)			
	(unaudited)			
Current				
Interest-bearing bank borrowings	58,048	75,053	75,051	75,167
Lease liabilities	8,613	3,822	5,514	4,987
Non-current				
Lease liabilities	1,315	1,786	7,199	7,762
Total	67,976	80,661	87,764	87,916

Interest-Bearing Bank Borrowings

Our current interest-bearing bank borrowings increased from RMB58.0 million as of December 31, 2024 to RMB75.1 million as of December 31, 2025, primarily due to increased borrowings to support the expansion of production and commercialization for the GBS in 2025. Our current interest-bearing bank borrowings remained relatively stable at RMB75.1 million as of June 30, 2026. Our current interest-bearing

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bank borrowings remained relatively stable at RMB75.2 million as of July 31, 2026. As of July 31, 2026, we had committed unutilized banking facilities amounting to RMB100.0 million.

Lease Liabilities

Our current and non-current lease liabilities were in relation to our leases of properties and land use rights in our operations. Our lease liabilities were measured at net present value of the lease payments during the lease terms that are not yet paid. The decrease in our current lease liabilities from RMB8.6 million as of December 31, 2024 to RMB3.8 million as of December 31, 2025 was primarily due to our payment of rent for our leased properties and the termination of certain rental. The increase in our current lease liabilities to RMB5.5 million as of June 30, 2026 was primarily due to addition of new leases.

The increase in our non-current lease liabilities from RMB1.3 million as of December 31, 2024 to RMB1.8 million as of December 31, 2025 was primarily due to a new leased property. The increases in our non-current lease liabilities to RMB7.2 million as of June 30, 2026 was primarily due to several new leased properties.

Except as disclosed above, as of the Latest Practicable Date, we did not have any material mortgages, charges, debentures, loan capital issued and outstanding or agreed to be issued, debt securities, loans, unutilized bank facilities, 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.

Our Directors confirm that there has not been any material change in our indebtedness since July 31, 2026 and up to the Latest Practicable Date. Our Directors confirm that as of the Latest Practicable Date, there was no covenant on any of our outstanding debt that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we had no defaults on our borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment. Our Directors confirm that there has not been any material change in our indebtedness since the Latest Practicable Date and as of the date of this document.

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURES

Our capital expenditures include: (i) payments for property, plant and equipment, including construction of production facilities and purchases of equipment; and (ii) payments for intangible assets. The following table sets forth our capital expenditures for the periods indicated:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	(RMB in thousands)			
	(unaudited)			
Payments for property, plant and equipment	5,244	12,336	1,946	4,777
Payments for intangible assets	572	1,404	1,307	643
Total	5,816	13,740	3,253	5,420

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CAPITAL COMMITMENTS

As of December 31, 2024 and 2025 and June 30, 2026, we had capital commitments of nil, RMB0.7 million and RMB1.3 million, respectively, in relation to purchase of property, plant and equipment.

KEY FINANCIAL RATIOS

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

	As of December 31,		As of June 30,
	2024	2025	2026
Current ratio ⁽¹⁾	0.3	0.6	1.8

(1) Current ratio equals total current assets divided by total current liabilities as of the end of the period indicated.

Our current ratio was 0.3 times, 0.6 times as of December 31, 2024 and 2025, respectively. Our current ratio was lower than one time as we recorded net current liabilities as of such dates. Our current ratio increased to 1.8 times as of June 30, 2026, primarily due to the significant increase in our current assets as a result of the receipt of proceeds of from equity investment in the six months ended June 30, 2026.

RELATED PARTY TRANSACTIONS

See note 30 in the Accountants’ Report set out in Appendix I of this document for details on our transactions with related parties during the Track Record Period. Our Directors are of the view that each of the related party transactions set out in note 30 to the Accountants’ Report in Appendix I was conducted in the ordinary course of business 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.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, aside from our capital commitments as disclosed above, we had not entered into any off-balance sheet arrangements.

FINANCIAL RISK DISCLOSURE

The risks associated with our financial instruments primarily include credit risk and liquidity risk. Our management manages these exposures to ensure appropriate measure are implemented on a timely and effective manner. See note 33 to the Accountants’ Report set out in Appendix I to this document for further details.

Credit risk

We are exposed to credit risk in relation to its cash and cash equivalents, amounts due from related parties, trade receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent our maximum exposure to credit risk in relation to financial assets. We trade with recognized and creditworthy third parties. We enforce credit verification procedures for any customers requesting credit terms and ensure that receivable balances are monitored on a continuous basis.

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Liquidity risk

To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents that our management deems adequate to finance our operations and mitigate the impact of cash flow fluctuations.

DIVIDENDS

We did not declare or pay any dividends during the Track Record Period. We currently do not have any dividend policy or fixed dividend pay-out ratio. We currently intend to retain all available funds and earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Investors should not purchase our ordinary shares with the expectation of receiving cash dividends. Any future determination to pay dividends will be made at the absolute discretion of our Board, taking into account factors including our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, legal, regulatory and other contractual restrictions, and other factors that our Board deems to be appropriate. As advised by our PRC Legal Advisors, according to relevant PRC laws, any future net profit that we make will have to be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

DISTRIBUTABLE RESERVES

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

[REDACTED] EXPENSES

Our [REDACTED] expenses represent professional fees, [REDACTED] and other fees incurred in connection with the [REDACTED] and the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range, and no exercise of the [REDACTED], we estimate that our [REDACTED] expenses will be approximately RMB[REDACTED] million, accounting for approximately [REDACTED]% of our [REDACTED], of which RMB[REDACTED] million is directly attributable to the issue of our [REDACTED] and will be deducted from equity, RMB[REDACTED] million was charged to our consolidated statements of profit or loss during the Track Record Period, and approximately RMB[REDACTED] million is expected to be charged to our consolidated statements of profit or loss subsequent to the Track Record Period. Our estimated [REDACTED] expenses include (i) [REDACTED]-related expenses of approximately RMB[REDACTED] million, (ii) [REDACTED] fee of approximately RMB[REDACTED] million, and (iii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, comprising professional fees to the legal advisors, Reporting Accountant, and other professionals. The [REDACTED] expenses above are the best estimate as of the Latest Practicable Date and for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information” to this document.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position prospects since June 30, 2026 and up to the date of this document and there is no event since June 30, 2026 which would materially affect the information shown in our consolidated financial statements included in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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