

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our audited consolidated financial information together with the accompanying notes in the Accountants’ Report set out in Appendix I to this document. Our consolidated financial information has been prepared in accordance with all applicable IFRS Accounting Standards, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Appendix I and not rely merely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. In evaluating our business, you should carefully consider the information provided in the section headed “Risk Factors” in this document. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a key player in the innovative drug industry in China, having evolved from a discovery-focused biotech into a fully integrated, commercial-stage biopharmaceutical company. Our business model synergizes four complementary pillars, including proprietary R&D, commercialization, strategic partnerships, and ecosystem engagement. This robust model has enabled us to achieve consecutive years of profitability since our inaugural product launch in 2011. To date, we have successfully commercialized nine drug products, among which icotinib (Conmana®/凯美纳®, EGFR TKI), ensartinib (Ensacove®/贝美纳®, ALK TKI), and vorolanib (伏美纳®, VEGFR/PDGFR inhibitor) were the first among domestically developed drugs in their respective classes to be approved in China or enter the global market for targeted indications.

Our total revenue increased from RMB2,456.2 million in 2023 to RMB2,892.0 million in 2024, representing a year-over-year growth rate of 17.7%. Revenue further increased to RMB3,609.3 million in 2025, reflecting a growth rate of 24.8%. Our total revenue increased from RMB1,731.4 million in the six months ended June 30, 2025 to RMB1,975.9 million in the six months ended June 30, 2026, reflecting a growth rate of 14.1%. We recorded adjusted EBITDA (non-IFRS measure) of RMB653.8 million, RMB747.7 million, RMB1,080.4 million, RMB515.0 million and RMB689.5 million in 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively. We continue to demonstrate strong cost discipline and operational efficiency. Operating expenses are effectively managed, reflecting our marketing productivity and organizational rigor. Our operational cash flow generation is particularly strong. Our net profit cash conversion ratio exceeds 200% in each of 2023, 2024 and 2025, indicating high-quality earnings and providing a solid financial foundation to support sustainable growth.

We plan to continuously accelerate the development and commercialization of our marketed products and drug candidates, and further enhance our fully-integrated capabilities. We believe that these efforts will allow us to maintain and solidify our leadership position in China’s innovative biopharmaceutical industry, to better fulfill our mission to deliver innovative therapies with superior efficacy, safety and affordability, to continuously improve patients’ survival rate and quality of life, and to eventually realize our vision of becoming a China-based, world-leading innovative biopharmaceutical company.

BASIS OF PREPARATION

We were incorporated in the PRC on January 7, 2003 and converted into a joint stock limited liability company under the PRC laws in August 2013. Our A Shares have been listed on the Shenzhen Stock Exchange since November 7, 2016. Our historical financial information has been prepared in accordance with IFRS Accounting Standards as issued by the 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 IFRS Accounting Standards. For the

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purpose of preparing our historical financial information, we have adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective for the Track Record Period, consistently throughout the Track Record Period.

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:

The growth of the global and China’s pharmaceutical market, in particular, the therapeutic areas we focus on

We believe that the overall growth of the global and China’s pharmaceutical market, and in particular, the therapeutic areas we focus on, has significantly, and will continue to significantly impact, our revenue growth. Our diversified product portfolio spans across multiple therapeutic areas, including oncology, ophthalmology, hematologic diseases, and more. In particular, our financial results are affected by the demand for innovative oncology therapies, which in turn dependent on the growth of the oncology drug market and the prevalence of the oncology therapeutic areas we focus on. According to Frost & Sullivan, the global oncology drug market grew from US\$150.3 billion in 2020 to US\$278.2 billion in 2025, representing a CAGR of 13.1%, and China’s oncology drug market grew from US\$28.6 billion in 2020 to US\$38.8 billion in 2025, representing a CAGR of 6.3%. In line with such trends, our revenue increased from RMB2,456.2 million in 2023 to RMB2,892.0 million in 2024, and further increased to RMB3,609.3 million in 2025, and increased from RMB1,731.4 million in the six months ended June 30, 2025 to RMB1,975.9 million in the six months ended June 30, 2026. We expect to continue to benefit from such positive policies and market trends.

We have built a rich and diversified drug portfolio focused on lung cancer and have gradually expanded our pipeline to cover breast, renal and other therapeutic areas in China. Lung cancer has long exhibited the highest incidence and mortality rates among malignant cancers both in China and worldwide. The number of new cases of lung cancer patients per year in China increased from 1.0 million in 2020 to 1.1 million in 2025. Combined with a large cancer patient pool in China with breast cancer incidence reaching 379.1 thousand and kidney cancer incidence reaching 78.0 thousand in 2025, there is significant medical needs for innovative oncology therapies. Please refer to the section headed “Industry Overview” for further details on the historical growth of the lung cancer therapeutic area and other therapeutic areas.

Our ability to successfully increase market share of our marketed drugs

Our ability to successfully increase the market share of our marketed drugs significantly affects our business and results of operations. We boast an expansive pipeline of nine commercialized products.

In NSCLC, our product portfolio includes three approved oral tyrosine-kinase inhibitors — icotinib, ensartinib, and befotertinib — plus one biologic, bevacizumab injection. Our first marketed drug, icotinib (Conmana[®]/凯美纳[®]), China’s first domestically-developed EGFR TKI, has generated more than RMB18 billion in cumulative sales and remains the only first-generation EGFR TKI that still competes head-to-head with third-generation agents of its class. Ensartinib (Ensacove[®]/贝美纳[®]), our second marketed drug, despite entering a competitive ALK inhibitor market, achieved rapid uptake through pre-launch academic engagement and post-launch indication expansion. Befotertinib offers a new treatment option for advanced NSCLC patients with EGFR mutations. Our bevacizumab injection also achieved rapid market penetration without first-mover advantage, posting a CAGR of 52.8% between 2023 and 2025. We expect sales of icotinib, ensartinib, befotertinib, and bevacizumab injection to continue to grow as we pursue indication expansions and broaden the eligible patient base.

In breast cancer, we have established a strong presence with three approved products. Tibremciclib, our internally developed CDK4/6 inhibitor with a novel molecular structure, recently received NDA approval from the NMPA in June 2025 for the treatment of locally advanced or metastatic breast cancer. We also partnered BioRay Pharma to exclusively distribute and commercialize trastuzumab injection, and in-licensed pertuzumab injection. In renal cancer, our wholly owned VEGFR inhibitor vorolanib received NDA approval from the NMPA in June 2023 and

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was included in the NRDL by the end of 2023. In hematology, through our partnership with Healthgen, we obtained exclusive distribution rights for recombinant human albumin injection (rice) across certain regions in China. By leveraging our strong channels with state-owned enterprises, deep penetration into hospitals of all tiers, acute market insight, and established partnerships with top academic institutions, we aim to replicate and extend our proven commercialization capabilities in lung cancer to other therapeutic areas.

Our ability to commercialize recently approved products and advance late clinical stage drug candidates

Our business and results of operations depend on our ability to successfully develop and commercialize our numerous Category 1 innovative drug candidates. Whether our drug candidates can demonstrate favorable clinical trial results, whether we can obtain the requisite regulatory approvals for our drug candidates in time, and whether we can successfully commercialize our drug candidates upon approval are crucial for our business and results of operations. Trastuzumab injection, pertuzumab injection and recombinant human albumin injection (rice) have already secured marketing approvals from the NMPA, with extensive sales work underway further expand our presence in China’s oncology and broader pharmaceutical market. Tibremciclib recently received NDA approval from the NMPA in June 2025 for the treatment of locally advanced or metastatic breast cancer. Approved by the NMPA in July 2025 for the treatment of hypoalbuminemia in cirrhosis, recombinant human albumin injection (rice) notably addresses an annual domestic demand for human serum albumin of approximately 1,000 tons, marking a major step toward reducing China’s long-standing reliance on imports in this category. With increasing public awareness of innovative cancer therapeutics and our multi-pronged commercialization channels, we believe that we can effectively promote our new drug products. We will also continue to advance the clinical development of our other pipeline candidates. However, our ability to successfully develop and commercialize new drug products in the manner we contemplate and to achieve the sales we expect is subject to a number of risks, many of which are beyond our control. For further details of the risks relating to the development and commercialization of new drug products, please refer to the paragraphs headed “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to the R&D and Commercialization of Our Drugs and Drug Candidates.”

The entry of our products in the national, provincial or other government-sponsored medical insurance programs in China

Under the medical insurance programs in China, patients are entitled to reimbursement of all or a portion of the cost of pharmaceutical products listed in the NRDL, the provincial medical insurance catalogues, or the provincial list of special medications related to the severe diseases insurance. Consequently, the inclusion or exclusion of a pharmaceutical product in or from any of these medical insurance programs will significantly affect the demand for such product in China.

Over the years, we successfully entered the NRDL, which has significantly increased the accessibility of our product. As of the Latest Practicable Date, icotinib, ensartinib, befotertinib and vorolanib have been included in the NRDL. For further details, please refer to “Business — Our Commercialization Capabilities — Product Pricing” and “Regulatory Overview — Overview of Laws and Regulations in the PRC — Other Laws and Regulations in relation to the Pharmaceutical Industry — National Reimbursement Drug List of China.” While the inclusion of a pharmaceutical product in national, provincial or other government-sponsored medical insurance programs can significantly increase the demand and potentially sales volume, pharmaceuticals so included are subject to relevant pricing regulation and are subject to pricing pressure in the centralized tender process. In addition, drugs included in the national medical insurance negotiation list must undergo pricing negotiation process with the government. Please refer to “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to the R&D and Commercialization of Our Drugs and Drug Candidates — Certain of our products are subject to pricing regulation or other policies that are intended to reduce healthcare costs” for more details.

On balance, the benefits of inclusion of our pharmaceuticals in the national or provincial medical insurance programs in China significantly outweighed the costs of such inclusion during the Track Record Period, and we believe the benefits of such inclusion will continue to contribute to our business expansion in the foreseeable future.

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Our ability to implement our operation strategies

Our results of operations are significantly affected by our advancement of research and development activities, expansion of sales and distribution network, development of our innovation ecosystem, establishment of business collaborations for license-in programs, and our ability to effectively control costs and expenses.

Our current research and development activities relate to the clinical advancement of our drug candidates. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our research and development investment (including our research and development expenses and capitalized development costs) accounted for 40.8%, 24.8%, 15.9%, 17.2% and 11.7% of our total revenue, respectively. We expect our research and development expenses to continue to increase for the foreseeable future as we advance drug candidates from preclinical trials to clinical trials and registrational trials while continuing to expand the indications of such drug candidates and marketed drugs.

We have an extensive sales and distribution network that allows us to reach a broad patient base in our target markets. As of the Latest Practicable Date, we had approximately 170 distributors covering over 30 provinces, municipalities, and autonomous regions. We also have an experienced and specialized in-house sales and marketing team for our products. As of June 30, 2026, our sales and marketing team consisted of 1,072 staff in total. For the years ended December 31, 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, our selling and distribution expenses accounted for 34.8%, 37.8%, 36.0%, 34.3% and 34.5% of our total revenue, respectively. We aim to continue to strengthen and grow our sales and distribution network to support the commercialization of our products, especially in lower-tiered cities that we plan to penetrate.

Leveraging our development and distribution capabilities, we have attracted domestic and multinational biopharmaceutical companies and become the partner of choice for collaboration. We selectively collaborated with strategic partners with complementary resources and in-licensed assets that were highly synergistic with our pipeline to enrich our portfolio. We have established collaborations with Mabworks, InventisBio, BioRay, Healthgen, EyePoint, Merus, C4 Therapeutics, and Gensciences, which are recognized domestic and multinational biopharmaceutical companies. Our licensing fees mainly include upfront payments, milestone payments and royalty payments. During the Track Record Period, upfront payments and milestone payments were capitalized as intangible assets when incurred. Patents and exclusive licenses acquired separately or as part of a business combination or transferred from development cost are recognized as intangible assets at historical cost and amortized using the straight-line method over their estimated useful lives.

In addition, our ability to effectively control costs and expenses is critical to maintaining profitability while executing these strategies. We are one of the very few biopharmaceutical companies in China that possess comprehensive end-to-end capabilities in innovative drug research and development, manufacturing, and commercialization, which enables us to cost-effectively develop and commercialize pharmaceutical products.

MATERIAL ACCOUNTING POLICY INFORMATION AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not materially changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We believe that the (i) material accounting policy information in relation to revenue recognition, impairment of non-financial assets, inventories, property, plant and equipment, intangible assets, and fair value measurement, as detailed in Note 2 of the Accountants’ Report in Appendix I to this document and (ii) significant accounting judgments and estimates, as set forth in details in Note 3 to the Accountants’ Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

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DESCRIPTION OF MAJOR COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER FINANCIAL DATA

The following table sets forth our consolidated statements of profit or loss and other financial data for the years/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
Revenue	2,456,196	2,891,950	3,609,338	1,731,413	1,975,928
Cost of sales	(424,719)	(562,919)	(783,437)	(346,007)	(491,020)
Gross profit	2,031,477	2,329,031	2,825,901	1,385,406	1,484,908
Other revenue	61,136	37,819	50,022	33,956	34,497
Other gain/(loss), net ⁽¹⁾	47,200	(46,866)	(71,763)	(75,563)	20,467
Research and development expenses	(640,139)	(501,902)	(510,868)	(254,658)	(216,927)
Selling and distribution expenses	(853,886)	(1,093,820)	(1,298,225)	(593,574)	(682,293)
Administrative and other operating expenses	(265,670)	(272,310)	(483,922)	(262,352)	(208,462)
Profit from operations	380,118	451,952	511,145	233,215	432,190
Finance costs	(44,057)	(45,490)	(76,138)	(38,894)	(36,473)
Share of the results of investments accounted for using equity method	(13,987)	(12,302)	(20,644)	(6,505)	(27,401)
Profit before income tax	322,074	394,160	414,363	187,816	368,316
Income tax credit/(expense)	11,541	(7,179)	(128,154)	(57,109)	(75,625)
Profit for the year/period	333,615	386,981	286,209	130,707	292,691
Attributable to:					
Owners of our Company	348,032	402,571	305,329	139,897	302,135
Non-controlling interest	(14,417)	(15,590)	(19,120)	(9,190)	(9,444)
Profit for the year/period	333,615	386,981	286,209	130,707	292,691

Note:

- (1) During the Track Record Period, net other gain/(loss) primarily consisted of net foreign exchange gain/(loss), unrealized or realized gain/(loss) from financial asset at FVPL, impairment loss on intangible assets, compensation and impairment on goodwill. Unrealized or realized gain/(loss) from financial assets at FVPL mainly reflected fair value movements of wealth management products purchased during 2023 and equity securities acquired in 2024. Impairment loss on intangible assets related to a patent and an exclusive license for which the expected economic benefits were no longer expected to be realized. Compensation represented the amount received by us pursuant to a settlement agreement with a third party. Impairment loss on goodwill was primarily attributable to changes in the assumptions underlying the valuation of the Anew Pharmaceutical CGU, taking into account the latest business and development progress of EYP-1901.

NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented under IFRS, we also use adjusted net profit (non-IFRS measure), EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with IFRS. Adjusted net profit for the year/period (non-IFRS measure) was calculated by taking profit for the year/period and adding back (i) equity-settled share-based payment expenses, which were non-cash in nature, (ii) fair value change on financial liabilities at FVPL, which was non-cash in nature, and (iii) [REDACTED] in relation to the proposed [REDACTED] and [REDACTED]. The fair value change on financial liabilities at FVPL represents the repurchase obligation under an equity repurchase arrangement. The repurchase obligation was fully settled in 2023, and accordingly we did not record any fair value change on financial liabilities on FVPL since 2024. The amount reflects periodic changes in the estimated principal and interest payable. We define EBITDA (non-IFRS measure) as profit for the year/period adjusted by adding back (i) depreciation and amortization, (ii) net finance costs, and (iii) income tax expenses/credit. We define adjusted EBITDA (non-IFRS measure) as EBITDA (non-IFRS measure) for the year/period adjusted by adding back (i) equity-settled share-based payment expenses, (ii) fair value change on financial liabilities at FVPL and (iii) [REDACTED].

We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impact of certain items. We believe that these measures provides useful information to [REDACTED] and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of these non-IFRS measures may not be comparable

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to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

The following table sets out a reconciliation from adjusted net profit (non-IFRS measure), profit for the year/period to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) for the years/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
Reconciliation of profit for the year/period to adjusted net profit (non-IFRS measure):					
Profit for the year/period	333,615	386,981	286,209	130,707	292,691
<i>Add:</i>					
Fair value change on financial liabilities at FVPL	10,898	—	—	—	—
Equity-settled share-based payment expenses	(16,464)	(57,133)	41,746	20,255	4,958
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit (non-IFRS measure).	328,049	329,848	329,666	150,962	298,347
Reconciliation of profit for the year/period to EBITDA (non-IFRS measure) and adjusted EBITDA (non-IFRS measure):					
Profit for the year/period	333,615	386,981	286,209	130,707	292,691
<i>Add:</i>					
Income tax expense (credit)	(11,541)	7,179	128,154	57,109	75,625
Net finance costs	33,822	38,708	71,844	35,831	35,463
Depreciation and amortization	303,487	371,967	550,763	271,104	280,104
EBITDA (non-IFRS measure)	659,383	804,835	1,036,970	494,751	683,883
<i>Add:</i>					
Fair value change on financial liabilities at FVPL	10,898	—	—	—	—
Equity-settled share-based payment expenses	(16,464)	(57,133)	41,746	20,255	4,958
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted EBITDA (non-IFRS measure).	653,817	747,702	1,080,427	515,006	689,539

MAJOR COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we generated revenue primarily from (i) sales of pharmaceutical products, (ii) rental income mainly sourced from Betta Dream Works (Hangzhou) Innovation Technology Co., Ltd. (貝達夢工場(杭州)創新科技有限公司), and (iii) license fee income associated with our exclusive license to EyePoint for developing and commercializing vorolanib in ophthalmology indications globally except the Greater China. For details, please refer to the paragraphs headed “Business — Our Business Development — Collaboration with Eyepoint — Exclusive License Agreement with Eyepoint for Vorolanib.” The following table summarizes the components of our revenue in absolute amounts and as percentages of the total revenue for the years/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	%		
Sales of pharmaceutical products	2,416,783	98.4	2,827,001	97.8	3,577,669	99.1	1,715,875	99.1	1,963,415	99.4		
Rental income	16,132	0.7	14,965	0.5	15,549	0.4	6,761	0.4	6,057	0.3		
License fee income	—	—	35,634	1.2	—	—	—	—	—	—		

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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	%
Other income	23,281	0.9	14,350	0.5	16,120	0.5	8,777	0.5	6,456	0.3
Total	2,456,196	100.0	2,891,950	100.0	3,609,338	100.0	1,731,413	100.0	1,975,928	100.0

Revenue by product franchise

The following table sets forth a breakdown of our revenue from sales of pharmaceutical products by product franchise in both absolute amounts and percentages of our revenue from sales of pharmaceutical products for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,					
	2023		2024		2025		2025		2026			
	Sales volume '000 units	Revenue RMB'000	% of revenue	Sales volume '000 units	Revenue RMB'000	% of revenue	Sales volume '000 units	Revenue RMB'000 (unaudited)	% of revenue	Sales volume '000 units	Revenue RMB'000	% of revenue
EGFR TKI drugs ⁽¹⁾	2,221	1,616,455	66.9	2,194	1,553,571	55.0	2,345	1,722,336	48.1	1,171	862,015	50.2
ALK TKI drug ⁽²⁾	565	575,929	23.8	812	836,335	29.6	1,112	1,182,311	33.0	525	547,285	31.9
Anti-VEGF antibody drug ⁽³⁾	261	218,395	9.0	451	377,316	13.3	605	509,630	14.3	299	253,479	14.8
Other drugs ⁽⁴⁾	1	6,004	0.3	29	59,779	2.1	115	163,392	4.6	27	53,096	3.1
Total	3,048	2,416,783	100.0	3,486	2,827,001	100.0	4,177	3,577,669	100.0	2,022	1,715,875	100.0

Notes:

- (1) During the Track Record Period, our EGFR TKI drugs include icotinib and befortertinib.
- (2) During the Track Record Period, our ALK TKI drug represented ensartinib.
- (3) During the Track Record Period, our anti-VEGF antibody drug represented bevacizumab injection.
- (4) During the Track Record Period, our other drugs include vorolanib, trastuzumab injection, recombinant human albumin injection (rice), tibremciclib and pertuzumab injection.

Revenue by geographic coverage

During the Track Record Period, our pharmaceutical products were sold primarily in China. We recorded revenue from the U.S. in 2024 as we received the milestone payment from EyePoint in connection with our exclusive license to EyePoint for developing and commercializing vorolanib globally except the Greater China. We also recorded revenue from sales of ensartinib in the U.S. in 2025 and the six months ended June 30, 2026. The following table sets forth a breakdown of our revenue attributable to China and the U.S. market in absolute amounts and as percentages of the total revenue for the years/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	%
PRC	2,455,147	100.0	2,856,314	98.8	3,588,557	99.4	1,731,409	100.0	1,968,623	99.6
U.S.	1,049	0.0	35,636	1.2	20,781	0.6	4	0.0	7,305	0.4
Total	2,456,196	100.0	2,891,950	100.0	3,609,338	100.0	1,731,413	100.0	1,975,928	100.0

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of (i) raw material costs, which included costs of materials for pharmaceutical intermediates used to produce the product that we manufacture in-house, (ii) other manufacture overheads which included royalties, manufacturing costs for our products and costs of electricity and water, (iii) depreciation and amortization related to plants and equipment and intangible assets used for the production of our products, (iv) staff

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costs, which included salaries and benefits for employees involved in the production of our products, (v) taxes and surcharges, which were mainly related to taxes and surcharges paid to competent government authorities, including city maintenance and construction tax, education surtax, land use tax, real estate tax and stamp tax, and (vi) others, which mainly consisted of loss from inventory disposal and cost of rental and promotion service. 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 years/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	%
Raw material costs	136,615	32.2	181,941	32.3	258,367	33.0	110,884	32.0	180,341	36.7
Other manufacture overheads	100,306	23.6	154,497	27.5	207,120	26.4	97,645	28.2	104,040	21.2
Depreciation and amortization	107,193	25.2	147,590	26.2	216,080	27.6	88,805	25.7	156,724	31.9
Staff costs	34,120	8.0	37,117	6.6	33,615	4.3	18,530	5.4	14,719	3.0
Taxes and surcharges	14,067	3.3	21,271	3.8	44,069	5.6	20,089	5.8	25,128	5.1
Others	32,418	7.7	20,503	3.6	24,186	3.1	10,054	2.9	10,068	2.1
Total	424,719	100.0	562,919	100.0	783,437	100.0	346,007	100.0	491,020	100.0

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 RMB2,031.5 million, RMB2,329.0 million, RMB2,825.9 million, RMB1,385.4 million and RMB1,484.9 million in 2023, 2024 and 2025 and the six months ended June 30, 2025, 2026, respectively, while our gross profit margin reached 82.7%, 80.5%, 78.3%, 80.0% and 75.1% during the same years/periods. The following table sets forth a breakdown of our gross profit and gross profit margin of the sale of our pharmaceutical products by product franchise for the years/periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2023		2024		2025		2025		2026	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000 (unaudited)	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
EGFR TKI drugs ⁽¹⁾	1,461,287	90.4	1,355,262	87.2	1,512,965	87.8	751,955	87.2	708,890	87.4
ALK TKI drug ⁽²⁾	457,591	79.5	705,056	84.3	963,627	81.5	461,865	84.4	543,020	79.6
Anti-VEGF antibody drug ⁽³⁾	118,800	54.4	212,342	56.3	299,347	58.7	153,197	60.4	176,317	60.3
Other drugs ⁽⁴⁾	872	14.5	33,197	55.5	86,548	53.0	32,994	62.1	79,363	44.7
Total	2,038,550	84.3	2,305,857	81.6	2,862,487	80.0	1,400,011	81.6	1,507,590	76.8

Notes:

- (1) During the Track Record Period, our EGFR TKI drugs include icotinib and befortertinib.
- (2) During the Track Record Period, our ALK TKI drug represented ensartinib.
- (3) During the Track Record Period, our anti-VEGF antibody drug represented bevacizumab injection.
- (4) During the Track Record Period, our other drugs include vorolanib, trastuzumab injection, recombinant human albumin injection (rice), tibremciclib and pertuzumab injection.

Other Revenue

During the Track Record Period, our other revenue primarily consisted of government grants, most of which were one-off subsidies granted by government authorities, interest income accrued from bank deposits, and dividend income from the distribution arising from our equity investment. The government grants mainly represent (i) subsidies in the form of various government financial incentives to reward our support and contribution for the development of local economy, and (ii)

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subsidies provided for the construction of production facilities as well as to encourage research and development activities. The following table summarizes a breakdown of our other revenue in absolute amounts and as percentages of total other revenue for the years/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	%
Government grants (including amortization of deferred income) . . .	46,828	76.6	27,953	73.9	42,537	85.0	29,289	86.3	31,221	90.5
Dividend income	630	1.0	—	—	—	—	—	—	—	—
Interest income	10,235	16.8	6,782	17.9	4,294	8.6	3,063	9.0	1,010	2.9
Others	3,443	5.6	3,084	8.2	3,191	6.4	1,604	4.7	2,266	6.6
Total	61,136	100.0	37,819	100.0	50,022	100.0	33,956	100.0	34,497	100.0

Other Gain/(Loss), Net

During the Track Record Period, net other gain/(loss) primarily consisted of net foreign exchange gain/(loss), unrealized gain/(loss) from financial asset at FVPL, gain/(loss) on disposal of property, plant and equipment and impairment loss on intangible assets. Unrealized gain/(loss) from financial assets at FVPL mainly reflected fair value movements of wealth management products purchased during 2023 and equity securities acquired in 2024. Gain/(loss) on disposal or written-off of investment properties and property, plant and equipment primarily reflected a loss from the retirement of aged equipment in 2023, and a loss from the derecognition of certain right-of-use assets in 2024. Impairment loss on intangible assets related to a patent and an exclusive license for which the expected economic benefits were no longer expected to be realized. The impairment loss on goodwill was primarily attributable to changes in the assumptions underlying the valuation of the Anew Pharmaceutical CGU, taking into account the latest business and development progress of EYP-1901. The following table summarizes a breakdown of our net other gain/(loss) in absolute amounts and as percentages of the total net other gain/(loss) for the years/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	%
Foreign exchange gain/(loss), net	6,722	14.2	4,137	8.8	(12,624)	(17.6)	(2,251)	(3.0)	(17,528)	(85.6)
Compensation	56,377	119.5	—	—	—	—	—	—	—	—
Unrealized gain/(loss) from financial asset at FVPL	(313)	(0.7)	(26,305)	(56.1)	(58,683)	(81.8)	(76,016)	(100.6)	9	0.0
Realized gain/(loss) from financial asset at FVPL	—	—	(2,362)	(5.0)	—	—	—	—	72,679	355.1
Gain/(loss) on disposal or written off of investment properties and property, plant and equipment, net	(1,078)	(2.3)	(1,181)	(2.5)	370	0.5	69	0.1	(349)	(1.7)
(Expected credit loss)/ reversal of expected credit loss on trade receivable	(5,427)	(11.5)	6,294	13.4	200	0.3	396	0.5	(4,431)	(21.6)
(Expected credit loss)/ reversal of expected credit loss on deposits and other receivables	(3,373)	(7.1)	10	0.0	345	0.5	2,251	3.0	(52)	(0.3)
Impairment loss on intangible assets	—	—	(27,460)	(58.6)	—	—	—	—	—	—
Impairment loss on goodwill	—	—	—	—	—	—	—	—	(29,933)	(146.3)
Others	(5,708)	(12.1)	1	0.0	(1,371)	(1.9)	(12)	(0.0)	72	0.4
Total	47,200	100.0	(46,866)	(100.0)	(71,763)	(100.0)	(75,563)	(100.0)	20,467	100.0

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Research and Development Expenses

During the Track Record Period, our research and development expenses primarily consisted of clinical trial costs and staff costs. The following table below sets forth a breakdown of our research and development expenses in absolute amounts and as percentages of the total research and development expenses for the years/periods indicated:

	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)									
Clinical trial costs	397,087	62.0	292,474	58.3	296,916	58.1	157,385	61.8	115,733	53.4
Staff costs	121,392	19.0	112,386	22.4	119,145	23.3	58,525	23.0	61,255	28.2
Materials and utilities cost.	39,984	6.2	25,388	5.1	22,108	4.3	5,689	2.2	6,836	3.2
Depreciation and amortization.	48,744	7.6	50,446	10.0	41,656	8.2	21,020	8.3	18,998	8.8
Others ⁽¹⁾	32,932	5.2	21,208	4.2	31,043	6.1	12,039	4.7	14,105	6.4
Total	640,139	100.0	501,902	100.0	510,868	100.0	254,658	100.0	216,927	100.0

Note:

- (1) Others mainly include appraisal, review and acceptance expenses, technical literature expenses, and other miscellaneous expenses such as maintenance, meeting and inspection costs.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses mainly consisted of marketing and promotion expenses and staff costs. 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 years/periods indicated:

	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)									
Marketing and promotion expenses.	428,618	50.2	587,849	53.8	714,973	55.1	358,210	60.4	371,811	54.5
Staff costs	290,415	34.0	324,610	29.7	363,822	28.0	164,835	27.8	178,988	26.2
Travelling expenses.	83,087	9.7	102,207	9.3	127,472	9.8	41,784	7.0	94,274	13.8
Others	51,766	6.1	79,154	7.2	91,958	7.1	28,745	4.8	37,220	5.5
Total	853,886	100.0	1,093,820	100.0	1,298,225	100.0	593,574	100.0	682,293	100.0

Note:

- (1) Others include office expenses and business development related expenses, among others.

Administrative and Other Operating Expenses

During the Track Record Period, our administrative and other operating expenses primarily consisted of staff costs, amortization, depreciation and share-based compensation. Share-based compensation mainly represented share options granted to our directors, senior management, certain administrative personnel and key technical personnel. The following table sets forth a breakdown of our administrative expenses in absolute amounts and as percentages of the total administrative expenses for the years/periods indicated:

	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)									
Staff costs	101,253	38.1	128,420	47.1	119,541	24.7	53,050	20.2	62,228	29.9

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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	%
Depreciation and amortization	112,389	42.3	122,713	45.1	255,107	52.7	151,719	57.9	93,047	44.6
Share-based compensation	(16,464)	(6.2)	(57,133)	(21.0)	41,746	8.6	20,255	7.7	4,958	2.4
Meeting, office and general expenses	47,766	18.0	53,583	19.7	43,945	9.1	26,303	10.0	30,106	14.4
Others ⁽¹⁾	20,726	7.8	24,727	9.1	23,583	4.9	11,025	4.2	18,123	8.7
Total	265,670	100.0	272,310	100.0	483,922	100.0	262,352	100.0	208,462	100.0

Note:

(1) Others include legal and professional fee, donation and consulting fees, among others.

Finance Costs

During the Track Record Period, our finance costs consisted of interest charges on bank borrowings, interest expenses on other borrowings, and interest expenses on lease liabilities. The table below summarizes a breakdown of our finance costs in absolute amounts and as percentage of the total finance costs for the years/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	%
Interest charges on bank borrowings	43,492	98.7	43,995	96.7	69,553	91.4	35,536	91.4	33,650	92.3
Interest expenses on other borrowings	—	—	1,181	2.6	6,299	8.3	3,233	8.3	2,695	7.4
Interest expenses on lease liabilities	565	1.3	314	0.7	286	0.4	125	0.3	128	0.3
Total	44,057	100.0	45,490	100.0	76,138	100.0	38,894	100.0	36,473	100.0

Share of Results of Investments Accounted for Using Equity Method

During the Track Record Period, our share of results of investments accounted for using equity method mainly related to our investment in Hangzhou Weinuomibo Biotechnology Co., Ltd. (杭州微諾邁博生物科技有限公司) (“Hangzhou Weinuomibo”), Fucheng Biopharmaceutical (Zhejiang) Co., Ltd. (賦成生物製藥(浙江)有限公司) (“Fucheng Biopharma”), Hangzhou Beicheng Venture Capital Partnership (Limited Partnership) (杭州貝橙創業投資合夥企業(有限合夥)) (“Hangzhou Beicheng”), and Hangzhou Guoshun Jianheng Venture Investment Partnership (Limited Partnership) (杭州國舜健恆創業投資合夥(有限合夥)). In 2023, 2024 and 2025 and the six months ended June 30, 2025 and 2026, we recorded losses in share of results of investments accounted for using equity method of RMB14.0 million, RMB12.3 million, RMB20.6 million, RMB6.5 million and RMB27.4 million, respectively. For details, please refer to Note 18 of the Accountants’ Report set forth in Appendix I to this document.

Income Tax Credit/(Expense)

Our income tax expenses consist of current tax and deferred tax. We are subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of our Group are domiciled and operated. The following table sets forth a breakdown of our income tax expenses/(credit) for the years/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
Current tax	209	3,797	144,377	65,394	88,225
Deferred tax	(11,750)	3,382	(16,223)	(8,285)	(12,600)
Total	(11,541)	7,179	128,154	57,109	75,625

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PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

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

Revenue

Our revenue increased by RMB244.5 million, or 14.1%, from RMB1,731.4 million in the six months ended June 30, 2025 to RMB1,975.9 million in the six months ended June 30, 2026, primarily due to an increase in our revenue generated from sales of pharmaceutical products.

Revenue generated from sales of pharmaceutical products increased by RMB247.5 million, or 14.4%, from RMB1,715.9 million in the six months ended June 30, 2025 to RMB1,963.4 million in the six months ended June 30, 2026. This increase was because (i) the sales volume of ensartinib and bevacizumab injection increased as a result of our enhanced marketing efforts, and (ii) we began the commercialization of recombinant human albumin injection (rice), tibremciclib and pertuzumab injection.

Revenue generated from rental income remained relatively stable at RMB6.8 million in the six months ended June 30, 2025 and RMB6.1 million in the six months ended June 30, 2026.

Cost of Sales

Our cost of sales increased by RMB145.0 million, or 41.9%, from RMB346.0 million in the six months ended June 30, 2025 to RMB491.0 million in the six months ended June 30, 2026, primarily due to (i) an increase of our sales volume of ensartinib and bevacizumab injection, (ii) additional cost of sales associated with newly launched products, and (iii) an increase in depreciation and amortization, resulting from an increase in amortization of intangible assets in relation to our commercialization of ensartinib in the U.S. Our cost of sales accounted for 20.0% and 24.9% of our revenue in the six months ended June 30, 2025 and 2026, respectively.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit increased by RMB99.5 million, or 7.2%, from RMB1,385.4 million in the six months ended June 30, 2025 to RMB1,484.9 million in the six months ended June 30, 2026. Our gross profit margin decreased from 80.0% in the six months ended June 30, 2025 to 75.1% in the six months ended June 30, 2026, primarily due to an increase in our cost of sales, particularly the increase in depreciation and amortization. This increase was mainly due to an increase in amortization expenses in relation to the commencement of U.S. sales of ensartinib.

Other Revenue

Our other revenue remained relatively stable at RMB34.0 million and RMB34.5 million in the six months ended June 30, 2025 and 2026, respectively.

Other Gain/(Loss), Net

We recorded net other loss of RMB75.6 million in the six months ended June 30, 2025, while we recorded net other gain of RMB20.5 million in the six months ended June 30, 2026. This change was primarily because we recorded unrealized loss from financial assets at FVPL of RMB76.0 million in the six month ended June 30, 2025 in relation with our subsidiary’s investment in trading financial assets, partially offset by an impairment loss on goodwill of RMB29.9 million in relation with the latest business and development progress of EYP-1901.

Research and Development Expenses

Our research and development expenses decreased by RMB37.8 million, or 14.8%, from RMB254.7 million in the six months ended June 30, 2025 to RMB216.9 million in the six months ended June 30, 2026, primarily due to a decrease in clinical trial costs, mainly attributable to the

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completion of certain clinical development activities in 2025 and the relatively limited costs incurred for newly initiated projects in the six months ended June 30, 2026. Our research and development expenses accounted for 14.7% and 11.0% of our revenue in the six months ended June 30, 2025 and 2026, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB88.7 million, or 14.9%, from RMB593.6 million in the six months ended June 30, 2025 to RMB682.3 million in the six months ended June 30, 2026, primarily due to increases in marketing and promotion expenses and staff costs, mainly attributable to the expansion of our sales force and increased marketing and promotional activities in connection with our business expansion and new product launches. Our selling and distribution expenses accounted for 34.3% and 34.5% of our revenue in the six months ended June 30, 2025 and 2026, respectively.

Administrative and Other Operating Expenses

Our administrative and other operating expenses decreased by RMB53.9 million, or 20.5%, from RMB262.4 million in the six months ended June 30, 2025 to RMB208.5 million in the six months ended June 30, 2026, primarily due to a decrease in depreciation and amortization, mainly because amortization relating to certain intangible assets was recorded as cost of sales following the commercialization of ensartinib in the U.S. Our administrative and other operating expenses accounted for 15.2% and 10.6% of our revenue in the six months ended June 30, 2025 and 2026, respectively.

Finance Costs

Our finance costs remained relatively stable at RMB38.9 million in the six months ended June 30, 2025 and RMB36.5 million in the six months ended June 30, 2026.

Share of the Results of Investments Accounted for Using Equity Method

Our share of the losses of investments accounted for using equity method increased from RMB6.5 million in the six months ended June 30, 2025 to RMB27.4 million in the six months ended June 30, 2026, mainly in relation with our investment in Fucheng Biopharma and Hangzhou Beicheng, our associates, which incurred more losses.

Income Tax Credit/(Expense)

Our income tax expenses increased by RMB18.5 million, or 32.4%, from RMB57.1 million in the six months ended June 30, 2025 to RMB75.6 million in the six months ended June 30, 2026, primarily due to an increase in our taxable income.

Profit for the Period

As a result of the foregoing, our net profit increased by RMB162.0 million, or 123.9%, from RMB130.7 million in the six months ended June 30, 2025 to RMB292.7 million in the six months ended June 30, 2026.

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

Revenue

Our revenue increased by RMB717.3 million, or 24.8%, from RMB2,892.0 million in 2024 to RMB3,609.3 million in 2025, primarily due to an increase in our revenue generated from sales of pharmaceutical products.

Revenue generated from sales of pharmaceutical products increased by RMB750.7 million, or 26.6%, from RMB2,827.0 million in 2024 to RMB3,577.7 million in 2025. This increase was due to an increased sales volume of ensartinib and bevacizumab injection, as a result of our enhanced marketing efforts. In particular, our revenue generated from sales of ALK TKI drug increased from RMB836.3 million in 2024 to RMB1,182.3 million in 2025.

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Revenue generated from rental income remained relatively stable at RMB15.0 million in 2024 and RMB15.5 million in 2025.

Cost of Sales

Our cost of sales increased by RMB220.5 million, or 39.2%, from RMB562.9 million in 2024 to RMB783.4 million in 2025, primarily due to an increase of our sales volume and a change of our product mix. Our cost of sales accounted for 19.5% and 21.7% of our revenue in 2024 and 2025, respectively.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit increased by RMB496.9 million, or 21.3%, from RMB2,329.0 million in 2024 to RMB2,825.9 million in 2025. Our gross profit margin decreased from 80.5% in 2024 to 78.3% in 2025, primarily due to a change in our product mix, as newly launched products that were still in the early stage of market penetration and had relatively lower margins contributed a larger share of revenue, and the revenue contribution from higher-margin EGFR TKI drugs, which recorded a gross profit margin of 87.8% in 2025, declined relative to products with lower margins such as ALK TKI drug with a gross profit margin of 81.5% and other drugs with a gross profit margin of 53.0%, resulting in an overall dilution of our gross profit margin.

Other Revenue

Our other revenue increased by RMB12.2 million, or 32.3%, from RMB37.8 million in 2024 to RMB50.0 million in 2025. This increase was primarily due to an increase of RMB14.6 million in government grants.

Other Gain/(Loss), Net

Our net other loss increased by RMB24.9 million, or 53.1%, from RMB46.9 million in 2024 to RMB71.8 million in 2025, primarily because an increase of RMB32.4 million in unrealized loss from financial assets at FVPL in 2025 in relation with our subsidiary’s investment in trading financial assets.

Research and Development Expenses

Our research and development expenses remained relatively stable at RMB501.9 million in 2024 and RMB510.9 million in 2025. Our research and development expenses accounted for 17.4% and 14.2% of our revenue in 2024 and 2025, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB204.4 million, or 18.7%, from RMB1,093.8 million in 2024 to RMB1,298.2 million in 2025, primarily due to an increase in marketing and promotion expenses as a result of the business expansion and promotion and marketing activities for our marketed drugs. Our selling and distribution expenses accounted for 37.8% and 36.0% of our revenue in 2024 and 2025, respectively.

Administrative and Other Operating Expenses

Our administrative and other operating expenses increased by RMB211.6 million, or 77.7%, from RMB272.3 million in 2024 to RMB483.9 million in 2025, primarily due to an increase in our depreciation and amortization, resulting from the completion and capitalization of certain construction projects of Betta Dream Works and Shengzhou facility, as well as the capitalization and subsequent amortization of development costs following the approval of ensartinib in the U.S. Our administrative and other operating expenses accounted for 9.4% and 13.4% of our revenue in 2024 and 2025, respectively.

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Finance Costs

Our finance costs increased by RMB30.6 million, or 67.3%, from RMB45.5 million in 2024 to RMB76.1 million in 2025 primarily due to an increase in the interest expenses on bank borrowings.

Share of the Results of Investments Accounted for Using Equity Method

Our share of the losses of investments accounted for using equity method increased from RMB12.3 million in 2024 to RMB20.6 million in 2025, mainly in relation with our investment in Fucheng Biopharma and Hangzhou Beicheng, our associates, which incurred more losses.

Income Tax Credit/(Expense)

Our income tax expenses increased from RMB7.2 million in 2024 to RMB128.2 million in 2025, primarily due to an increase in our taxable income.

Profit for the Year

As a result of the foregoing, our net profit decreased by RMB100.8 million, or 26.0%, from RMB387.0 million in 2024 to RMB286.2 million in 2025.

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

Revenue

Our revenue increased by RMB435.8 million, or 17.7%, from RMB2,456.2 million in 2023 to RMB2,892.0 million in 2024, primarily due to an increased sales volume of our pharmaceutical products, ensartinib and bevacizumab injection.

Revenue generated from sales of pharmaceutical products increased by RMB410.2 million, or 17.0%, from RMB2,416.8 million in 2023 to RMB2,827.0 million in 2024. This increase was due to (i) an increased sales volume of befotertinib and vorolanib, following their inclusion in the NRDL in 2023, and (ii) an increased sales volume of ensartinib and bevacizumab injection, as a result of our enhanced marketing efforts. In particular, our revenue generated from sales of ALK TKI drug increased from RMB575.9 million in 2023 to RMB836.3 million in the same period in 2024.

Revenue generated from license fees increased from nil in 2023 to RMB35.6 million in 2024 as we received the milestone payment from EyePoint in connection with our exclusive license to EyePoint for developing and commercializing vorolanib in ophthalmology indications globally except the Greater China. For details, please refer to the paragraphs headed “Business — Our Business Development — Collaboration with Eyepoint — Exclusive License Agreement with Eyepoint for Vorolanib.”

Revenue generated from rental income decreased by RMB1.1 million, or 6.8%, from RMB16.1 million in 2023 to RMB15.0 million in 2024. This decrease was primarily due to the expiration of certain property lease agreements.

Cost of Sales

Our cost of sales increased by RMB138.2 million, or 32.5%, from RMB424.7 million in 2023 to RMB562.9 million in 2024, primarily due to (i) an increase in other manufacture overheads and costs of raw materials, reflecting increased sales of our products, and (ii) an increase in amortization of intangible assets. Our cost of sales accounted for 17.3% and 19.5% of our revenue in 2023 and 2024, respectively.

Gross Profit and Gross Profit Margin

As a result of the cumulative effect of the factors described above, our gross profit increased by RMB297.6 million, or 14.6%, from RMB2,031.5 million in 2023 to RMB2,329.0 million in 2024. Our gross profit margin slightly decreased from 82.7% in 2023 to 80.5% in 2024, primarily

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due to (i) the continued impact of NRDL-negotiated price reductions on certain products, which lowered their retail prices, and (ii) a change in product mix as the sales contribution from lower-margin or newly launched products increased and the proportion of higher-margin EGFR TKI drugs, which recorded a gross profit margin of 87.2% in 2024, declined relative to ALK TKI drug with a gross profit margin of 84.3% and other drugs with a gross profit margin of 55.5%, resulting in overall margin dilution. The gross profit margin of our ALK TKI drug increased from 79.5% in 2023 to 84.3% in 2024, mainly due to economies of scale resulting from higher sales volume, which led to a lower allocation of fixed costs, including depreciation and amortization.

Other Revenue

Our other revenue decreased by RMB23.3 million, or 38.1%, from RMB61.1 million in 2023 to RMB37.8 million in 2024. This decrease was primarily due to a decrease in government grants.

Other Gain/(Loss), Net

We recorded net other gain of RMB47.2 million in 2023, while we recorded net other loss of RMB46.9 million in 2024, primarily due to (i) our impairment loss on intangible assets of RMB27.5 million in 2024, resulting from the termination of one of our indications, (ii) our unrealized loss of RMB26.3 million from financial asset at FVPL million in relation with our subsidiary’s investment in trading financial assets in 2024, and (iii) the receipt of litigation compensation of RMB56.4 million in 2023.

Research and Development Expenses

Our research and development expenses decreased by RMB138.2 million, or 21.6%, from RMB640.1 million in 2023 to RMB501.9 million in 2024. This decrease was primarily due to our new strategy on our R&D programs, and our efforts to optimize R&D processes, while our overall R&D investment in these periods remained at a relatively high level. Our research and development expenses accounted for 26.1% and 17.4% of our revenue in 2023 and 2024, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB239.9 million, or 28.1%, from RMB853.9 million in 2023 to RMB1,093.8 million in 2024, primarily due to an increase in marketing and promotion expenses as a result of the business expansion and promotion and marketing activities for our marketed drugs. Our selling and distribution expenses accounted for 34.8% and 37.8% of our revenue in 2023 and 2024, respectively.

Administrative and Other Operating Expenses

Our administrative and other operating expenses remained relatively stable at RMB265.7 million in 2023 and RMB272.3 million in 2024.

Finance Costs

Our finance costs increased by RMB1.4 million, or 3.2%, from RMB44.1 million in 2023 to RMB45.5 million in 2024 primarily in connection with our increased bank borrowings and our interest expenses on other borrowings arising from sale and leaseback arrangements.

Share of the Results of Investments Accounted for Using Equity Method

Our share of loss from investments accounted for using equity method decreased by RMB1.7 million, or 12.1%, from RMB14.0 million in 2023 to RMB12.3 million in 2024, primarily in connection with our investment in Fucheng Biopharma.

Income Tax Credit/(Expense)

We recorded income tax credit of RMB11.5 million in 2023 and income tax expense of RMB7.2 million in 2024. This change was primarily due to an increase in our taxable income and the impact of deferred tax.

FINANCIAL INFORMATION

Profit for the Year

As a result of the foregoing, our net profit increased by RMB53.4 million, or 16.0%, from RMB333.6 million in 2023 to RMB387.0 million in 2024.

TAXATION

PRC

Generally, our Company and our subsidiaries established in China are subject to enterprise income tax on taxable income in China at a rate of 25%. Our Company are entitled to the preferential tax rate of 15%. Certain of our subsidiaries are entitled to the preferential tax rate of 20%. Certain research and development costs of our Company and our subsidiaries established in China are qualified for additional deduction. For details, please refer to Note 7 to the Accountants’ Report in Appendix I to this document.

Hong Kong

Our subsidiary incorporated in Hong Kong was liable to the Hong Kong Profits Tax at a rate of 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million during the Track Record Period. No provision for Hong Kong profits tax has been made as we had no assessable profits derived from or earned in Hong Kong during the Track Record Period.

United States

Among our subsidiaries, Xcovery Betta Pharmaceuticals, Inc., Xcovery Holdings, Equinox Sciences, LLC and Meryx, Inc. were subject to statutory U.S. federal income tax at a rate of 21% during the Track Record Period. Our subsidiaries in the U.S. did not have assessable profits during the Track Record Period.

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

The following table sets forth certain selected items from 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
Total current assets	1,525,881	1,224,331	1,577,827	1,741,542
Total non-current assets	7,621,028	8,117,347	8,987,819	8,557,851
Property, plant and equipment	2,716,292	3,159,901	3,109,416	3,033,117
Investment properties	33,784	31,345	28,907	27,688
Intangible assets	3,019,914	3,008,527	2,676,728	2,721,363
Goodwill	413,584	413,584	413,584	383,651
Investments accounted for using equity method	375,210	360,542	651,159	623,758
Prepayments, deposits and other receivables	16,518	10,649	117,367	77,057
Financial assets at FVOCI	1,006,597	1,076,067	1,931,530	1,632,292
Deferred tax assets	39,129	56,732	59,128	58,925
Total assets	9,146,909	9,341,678	10,565,646	10,299,393
Total current liabilities	1,803,157	1,847,959	1,917,280	2,055,198
Total non-current liabilities	1,992,278	1,827,609	1,980,683	1,607,554
Interest-bearing borrowings	1,816,000	1,620,588	1,583,690	1,287,296
Lease liabilities	8,183	2,543	2,869	2,032
Deferred income	144,703	150,990	226,219	217,963
Deferred tax liabilities	23,392	53,488	167,905	100,263
Total liabilities	3,795,435	3,675,568	3,897,963	3,662,752

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	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net assets	5,351,474	5,666,110	6,667,683	6,636,641
Share capital	418,486	418,486	420,734	420,734
Reserves	4,832,591	5,155,320	6,174,423	6,205,104
Total equity attributable to equity shareholders of our Company	5,251,077	5,573,806	6,595,157	6,625,838
Non-controlling interest	100,397	92,304	72,526	10,803
Total equity	5,351,474	5,666,110	6,667,683	6,636,641

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
Current assets				
Inventories	327,502	290,085	381,156	351,707
Trade receivables	286,410	98,466	351,260	624,884
Prepayments, deposits and other receivables	159,432	237,658	349,431	309,197
Financial assets at FVPL	540	126,439	65,999	567
Cash and cash equivalents	751,997	471,683	429,981	455,187
Total current assets	1,525,881	1,224,331	1,577,827	1,741,542
Current liabilities				
Trade payables	10,674	24,018	63,639	131,550
Other payables and accruals	1,178,794	1,038,647	922,319	707,858
Interest-bearing borrowings	599,020	768,931	871,423	1,177,829
Lease liabilities	4,603	2,103	2,663	2,206
Financial liabilities at FVPL	10,000	10,000	10,000	10,000
Taxation payable	66	4,260	47,236	25,755
Total current liabilities	1,803,157	1,847,959	1,917,280	2,055,198
Net current liabilities	(277,276)	(623,628)	(339,453)	(313,656)

We had net current liabilities of RMB313.7 million as of June 30, 2026, as compared to net current liabilities of RMB339.5 million as of December 31, 2025. This decrease was primarily due to an increase in trade receivables of RMB273.6 million as a result of the increased sales volume and a decrease in other payables and accruals of RMB214.5 million as a result of our settlement of construction payments, partially offset by an increase in interest-bearing borrowings of RMB306.4 million.

We had net current liabilities of RMB339.5 million as of December 31, 2025, as compared to net current liabilities of RMB623.6 million as of December 31, 2024. This decrease was primarily due to (i) an increase in trade receivables of RMB252.8 million due to our increased sales volume, (ii) a decrease in other payables and accruals of RMB116.3 million due to our payment of the construction projects of Betta Dream Works and Shengzhou facility, and (iii) an increase in prepayment, deposits and other receivables of RMB111.8 million attributable to an increase in other deposits and receivables, resulting from an increase in our deposits for procurement, partially offset by (i) an increase in interest-bearing borrowings of RMB102.5 million and (ii) a decrease in financial assets at FVPL of RMB60.4 million in connection with our investment in listed equity securities.

We had net current liabilities of RMB623.6 million as of December 31, 2024, as compared to net current liabilities of RMB277.3 million as of December 31, 2023. This increase was primarily due to (i) a decrease in cash and cash equivalents of RMB280.3 million incurred for our daily operations and repayment of bank borrowings, (ii) a decrease in trade receivables of RMB187.9 million due to our improved distributor management and (iii) an increase in interest-bearing borrowings of RMB169.9 million, partially offset by an increase in financial assets at FVPL of RMB125.9 million in connection with our investment in listed equity securities.

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Property, Plant and Equipment

Our property, plant and equipment primarily consist of plant and buildings, construction in progress, right-of-use assets, machinery and equipment and furniture, fixtures and office equipment. Our property, plant and equipment increased from RMB2,716.3 million as of December 31, 2023 to RMB3,159.9 million as of December 31, 2024, primarily due to an increase in plant and buildings. Our property, plant and equipment remained stable as of December 31, 2024 and 2025 and June 30, 2026, amounting to RMB3,159.9 million, RMB3,109.4 million and RMB3,033.1 million, respectively. The changes of our construction in progress and plant and buildings were mainly associated with our certain construction projects of Betta Dream Works and Shengzhou facility.

The following table sets forth a breakdown of the net book 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
Plant and buildings	346,921	2,658,216	2,619,766	2,557,552
Construction in progress	2,036,585	191,870	227,308	235,374
Right-of-use assets	155,342	155,894	152,746	149,854
Machinery and equipment	167,727	147,841	97,839	79,759
Motor vehicles	7,907	4,867	10,428	9,283
Furniture, fixtures and office equipment	1,810	1,213	1,329	1,295
Total	2,716,292	3,159,901	3,109,416	3,033,117

Inventories

Our inventories primarily consists of finished goods, semi-finished goods, raw materials and work in progress. Our inventory decreased from RMB327.5 million as of December 31, 2023 to RMB290.1 million as of December 31, 2024, primarily due to decreases in semi-finished goods, resulting from our initiative to optimize inventory management. Our inventory increased from RMB290.1 million as of December 31, 2024 to RMB381.2 million as of December 31, 2025 driven by an increase in the semi-finished goods, raw materials and finished goods, primarily resulting from rising sales demand for icotinib and ensartinib. Our inventories decreased from RMB381.2 million as of December 31, 2025 to RMB351.7 million as of June 30, 2026, primarily due to a decrease in semi-finished goods and finished goods, resulting from the increased sales volume of ensartinib and our adjustment of inventory levels in response to market demand.

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
Finished goods	153,703	137,108	211,094	185,919
Semi-finished goods	145,254	90,010	116,657	99,296
Raw materials	27,119	27,553	44,946	44,085
Work in progress	1,426	35,414	8,459	22,407
Total	327,502	290,085	381,156	351,707

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

	Year ended December 31,			Six months ended
	2023	2024	2025	June 30,
				2026
Inventory turnover days ⁽¹⁾	301	200	156	135

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Note:

- (1) Inventory turnover days for a year or a period is the arithmetic mean of the beginning and ending balances of inventory for the relevant year or period divided by cost of sales for the relevant year and multiplied by 365 days for the full-year period or by 181 days for the six months ended June 30, 2026.

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	308,618	269,055	364,520	333,075
Over 1 year	18,884	21,030	16,636	18,632
Total	327,502	290,085	381,156	351,707

Our inventory turnover days decreased from 301 days in 2023 to 200 days in 2024 and further to 156 days in 2025 and 135 days in the six months ended June 30, 2026, primarily due to our improved inventory management. As of July 31, 2026, RMB95.7 million, or 26.3% of inventories as of June 30, 2026 were subsequently utilized.

Our pharmaceutical products have defined shelf lives. We have strengthened our inventory management by implementing refined procurement and production planning and enhancing overall inventory control. During the Track Record Period, we did not identify any impairment issues relating to our inventories. The net realizable value of our inventories was not lower than their carrying amounts, and accordingly, no inventory impairment provision was required. The valuation of our inventories complies with the applicable accounting standards and the carrying amounts recorded in our financial statements fairly reflect their actual recoverable value.

Intangible Assets

Our intangible assets remained stable as of December 31, 2023 and 2024, amounting to RMB3,019.9 million and RMB3,008.5 million, respectively. Our development costs decreased from RMB1,218.6 million to RMB383.5 million as of December 31, 2024, mainly because ensartinib received FDA approval for its first-line indication in NSCLC in 2024 and its development costs were transferred to and accounted for as patents. Our intangible assets decreased from RMB3,008.5 million as of December 31, 2024 to RMB2,676.7 million as of December 31, 2025, primarily as tibremciclib was approved for marketing by the NMPA in June 2025 and its developments costs were transferred to and accounted for as patents. Our intangible assets remained relatively stable at RMB2,676.7 million as of December 31, 2025 and RMB2,721.4 million as of June 30, 2026.

The following table sets forth a breakdown of the net book amount 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
Development costs	1,218,620	383,526	220,157	233,997
Patents and exclusive licenses.	1,801,294	2,625,001	2,456,571	2,487,366
Software use rights	—	—	—	—
Total	3,019,914	3,008,527	2,676,728	2,721,363

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Development costs are tested for impairment annually by comparing their carrying amount with their recoverable amounts to which the intangible asset is related. The recoverable amount was determined based on value in use. The value in use was estimated using the discounted cash flow approach. The estimated revenue is based on our expectations of timing of commercialization, market penetration rate and estimated market size over the life cycle of related products. The discount rates used are pre-tax and reflect specific risks relating to the relevant products. Based on our assessment, there was no impairment for the development costs as of the end of each reporting period.

The carrying amounts and key assumption — discount rate used in the calculation of at the end of each reporting period, are as follows:

Carrying amount of development costs

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Ensartinib (Ensacove)'s first line indication . .	949,788	—	—	—
Ensartinib (Ensacove)'s adjuvant therapy . . .	57,187	85,366	108,632	118,047
BPI-D0316's adjuvant therapy	57,534	99,326	111,525	115,950
BPI-16350	154,111	198,834	—	—
	<u>1,218,620</u>	<u>383,526</u>	<u>220,157</u>	<u>233,997</u>

Discount rate applied

	As of December 31,			As of June 30,
	2023	2024	2025	2026
Ensartinib (Ensacove)'s first line indication . .	13.5%	N/A	N/A	N/A
Ensartinib (Ensacove)'s adjuvant therapy . . .	14%	13%	13%	13%
BPI-D0316's adjuvant therapy	14%	13%	13%	13%
BPI-16350	14%	13%	N/A	N/A

Headroom

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Ensartinib (Ensacove)'s first line indication . .	51,312	N/A	N/A	N/A
Ensartinib (Ensacove)'s adjuvant therapy . . .	120,813	133,635	440,368	469,953
BPI-D0316's adjuvant therapy	63,466	75,674	82,475	99,494
BPI-16350	21,890	257,166	N/A	N/A

Based on the result of assessment, there was no impairment loss on the development cost during the Track Record Period.

Sensitivity analysis is performed based on the change of a key assumption. One of the key significant unobservable inputs to determine the fair value of each development cost is the discount rate. As if the discount rate is higher by 5%, the headroom between the recoverable amount and the carrying amount of each development cost is as follows:

Headroom

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Ensartinib (Ensacove)'s first line indication . .	22,912	N/A	N/A	N/A

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	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Ensartinib (Ensacove)’s adjuvant therapy . . .	113,813	126,635	425,368	453,953
BPI-D0316’s adjuvant therapy	56,466	68,674	74,475	94,494
BPI-16350	15,890	246,166	N/A	N/A

Given that there was a headroom in the assessment, the management believes that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause any individual carrying amount to exceed their respective recoverable amount.

Goodwill

We recorded goodwill of RMB413.6 million, RMB413.6 million, RMB413.6 million and RMB383.7 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, mainly in relation to our acquisition of Anew Pharmaceuticals. The decrease was mainly due to our impairment loss of RMB29.9 million as of June 30, 2026 in relation with the latest business and development progress of EYP-1901.

For the purpose of impairment testing, the goodwill has been allocated to a CGU, representing Anew Pharmaceutical CGU which were acquired by us in the prior year.

For the years ended December 31, 2023, 2024 and 2025, the recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by our management covering an eight-year period from the drug is commercialized. Our management considers that using a forecast period of over five years for financial budgets in the goodwill impairment test is appropriate because the useful lives of relevant items of drug licenses are estimated as eight years after commercialization, and it generally takes longer for a pharmaceutical company to reach the perpetual growth mode, compared to companies in other industries, especially when its product is still under clinical trial and the market of such product is at an early stage of development with substantial growth potential. Cash flow forecast beyond the eight-year period are extrapolated using nil growth rate. Key assumptions used for the value in use calculations is the discount rate. The discount rate was a pre-tax measure based on the risk-free rate in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the CGU. The cash flows for the Anew Pharmaceuticals CGU are discounted using pre-tax discount rate of 17.76%, 18.64%, and 18.79% as of December 31, 2023, 2024 and 2025.

As the recoverable amount is higher than the net carrying amount, no impairment loss would be considered during the years ended December 31, 2023, 2024 and 2025.

Sensitivity analysis is performed based on the change of a key assumption. One of the key significant unobservable inputs to determine the recoverable amount of CGU is the discount rate. As if the discount rate is higher by 5%, the headroom between the recoverable amount and the carrying amount of CGU is as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Headroom	45,973	94,272	71,538

Given that there was a headroom in the assessment, the management believes that any reasonably possible changes in the key assumptions on which recoverable amount is based would not cause the carrying amount to exceed the recoverable amount of CGU.

For the six months ended June 30, 2026, the recoverable amount of the CGU is determined by our Directors with reference to the valuation report issued by an independent professional valuer based on fair value less cost of disposal, which is higher than its value-in-use. Such fair value is assessed by using price to development cost ratio and price to earnings ratio of the comparable companies in the market.

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The recoverable of the CGU is the higher of its fair value less costs of disposal and its value-in-use. As the recoverable amount is lower than the net carrying amount, impairment loss on goodwill of RMB29.9 million was provided. The key significant unobservable input to determine is the discount for lack of marketability discount. The higher discount result in the lower in the fair value measurement of the fair value, and vice versa.

Trade Receivables

Our trade receivables primarily consists of the balances due from our distributors or customers. We generally grant our distributors credit terms of 30 to 60 days. We seek to maintain strict control over our outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the above and the fact that our trade receivables relate to a large number of diversified distributors and customers, there is no significant concentration of credit risk. Further details on our credit policy and credit risk arising from trade receivables, please refer to Notes 21 and 33 to the Accountants’ Report set forth in Appendix I to this document.

The following table sets forth details of our trade 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
Trade receivables	293,274	99,036	351,630	629,685
Less: loss allowance	(6,864)	(570)	(370)	(4,801)
Total	286,410	98,466	351,260	624,884

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

	Year ended December 31,			Six months ended
	2023	2024	2025	June 30,
Average turnover days of trade receivables ⁽¹⁾	55	25	23	45

Note:

- (1) Average turnover days of trade receivables for a period equals the arithmetic mean of the beginning and ending trade receivable balances divided by revenue for that period and multiplied by 365 days for the full-year period or by 181 days for the six months ended June 30, 2026.

Our trade receivables as of December 31, 2023, 2024 and 2025 and June 30, 2026 were RMB286.4 million, RMB98.5 million, RMB351.3 million and RMB624.9 million, respectively. The decrease in trade receivables from December 31, 2023 to December 31, 2024 was primarily due to our improved distributor management. Our trade receivables increased from RMB98.5 million as of December 31, 2024 to RMB351.3 million as of December 31, 2025, and further increased to RMB624.9 million as of June 30, 2026 primarily due to our increased sales volume. Our average trade receivables turnover days decreased from 55 days in 2023 to 25 days in 2024, and further to 23 days in 2025, primarily due to our efforts to accelerate cash collection and our improved distributor management. Our average trade receivables turnover days increased from 23 days in 2025 to 45 days in the six months ended June 30, 2026, primarily due to the increase in our trade receivables, a significant portion of which arose from sales during the period and had not yet reached their contractual payment due dates.

The following table sets forth an aging analysis of our trade 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
Within 3 months	156,001	87,782	346,950	538,731
Over 3 months but within 12 months	130,401	10,585	2,400	83,018
Over a year	8	99	1,910	3,135
Total	286,410	98,466	351,260	624,884

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As of July 31, 2026, RMB209.9 million, or 33.6% of trade receivables as of June 30, 2026 were subsequently settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables primarily consists of prepayments for raw materials and expenses, value-added tax recoverable, prepayment for [REDACTED], other deposits and receivables, and prepayments for property, plant and equipment.

The following tables set forth the breakdown of prepayments, deposits and other 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
Current				
Prepayments for raw materials and expenses	16,437	45,315	17,425	16,141
Value-added tax recoverable	140,187	188,746	228,652	231,626
Prepayment for [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Costs to fulfill a contract	—	—	—	11,646
Other deposits and receivables	8,443	9,222	84,909	25,391
	165,067	243,283	354,711	314,515
Less: loss allowance	(5,635)	(5,625)	(5,280)	(5,318)
	159,432	237,658	349,431	309,197
Non-current				
Prepayments for property, plant and equipment	16,518	10,649	117,367	77,057
	16,518	10,649	117,367	77,057

Our current prepayments, deposits and other receivables increased from RMB159.4 million as of December 31, 2023 to RMB237.7 million as of December 31, 2024, primarily due to (i) an increase in value-added tax recoverable, resulting from deductible input VAT arising from Shengzhou facility’s construction activities, and (ii) an increase in prepayments for raw materials and expenses resulting from prepayments advanced for procurement and services provided by Hangzhou Bozhirui for the year of 2025. The increase from RMB237.7 million as of December 31, 2024 to RMB349.4 million as of December 31, 2025 was attributable to (i) an increase in other deposits and receivables in relation to property lease changes, (ii) an increase in value added tax recoverable, and (iii) an increase in prepayments for [REDACTED]. Our current prepayments, deposits and other receivables decreased from RMB349.4 million as of December 31, 2025 to RMB309.2 million as of June 30, 2026, primarily due to a decrease in other deposits and receivables in relation to the collection of certain deposits and other receivables.

Our non-current prepayments, deposits and other receivables decreased from RMB16.5 million as of December 31, 2023 to RMB10.6 million as of December 31, 2024, primarily due to the delivery of the equipment in relation with our Shengzhou facility and our deposits paid in connection with sale and leaseback arrangements. Our non-current prepayments, deposits and other receivables significantly increased from RMB10.6 million as of December 31, 2024 to RMB117.4 million as of December 31, 2025, primarily due to prepayments for patent technologies and drug production approvals and manufacturing expansion expenditures for bevacizumab injection. Our non-current prepayments, deposits and other receivables decreased from RMB117.4 million as of December 31, 2025 to RMB77.1 million as of June 30, 2026, primarily due to the reclassification of certain milestone payments to intangible assets following the regulatory approval and commercialization of pertuzumab injection.

As of July 31, 2026, RMB9.0 million, or 2.3% of prepayments, deposits and other receivables as of June 30, 2026 were subsequently settled.

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Cash and Cash Equivalents

Our cash and cash equivalents primarily consist of cash on hand and at bank. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our cash and cash equivalents amounted to RMB752.0 million, RMB471.7 million, RMB430.0 million and RMB455.2 million, respectively. Our cash and cash equivalents decreased from RMB752.0 million as of December 31, 2023 to RMB471.7 million as of December 31, 2024 and further to RMB430.0 million as of December 31, 2025, mainly due to our daily operation expenditures and the scheduled repayment of bank borrowings. Our cash and cash equivalents slightly increased from RMB430.0 million as of December 31, 2025 to RMB455.2 million as of June 30, 2026, primarily due to our working capital and debt repayment arrangements. For an analysis on cash flows during the Track Record Period, please refer to the paragraphs headed “— Liquidity and Capital Resources.”

Trade Payables

Our trade payables primarily consist of balances due to our suppliers for raw materials. Our trade payables increased from RMB10.7 million as of December 31, 2023 to RMB24.0 million as of December 31, 2024, primarily because we incurred trade payables for raw materials with certain supplier as of December 31, 2024. Our trade payables increased to RMB63.6 million as of December 31, 2025, primarily due to an increased payable relating to trastuzumab injection. Our trade payables increased from RMB63.6 million as of December 31, 2025 to RMB131.6 million as of June 30, 2026, primarily due to an increase in outstanding amounts payable to certain suppliers for purchases made in the ordinary course of business, which remained within the agreed credit periods as of June 30, 2026. Our credit terms on trade payables were in general 30 to 45 days. In 2023, 2024 and 2025 and the six months ended June 30, 2026, our trade payables turnover days were 20 days, 11 days, 20 days and 36 days. We have not been delinquent in repayment of our trade payables.

The following table sets forth an aging analysis of our trade payables based on the invoice date as of the dates indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	10,674	24,018	63,597	111,157
3 to 12 months	—	—	42	20,393
Total	10,674	24,018	63,639	131,550

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

	Year ended December 31,			Six months ended
	2023	2024	2025	June 30,
				2026
Average turnover days of trade payables ⁽¹⁾ . . .	20	11	20	36

Note:

- (1) Average turnover days of trade payables for a year equals the arithmetic mean of the beginning and ending trade payables balances divided by cost of sales for that period and multiplied by 365 days for the full-year period or by 181 days for the six months ended June 30, 2026.

As of July 31, 2026, RMB89.3 million, or 67.9% of trade payables as of June 30, 2026 were subsequently paid.

Other Payables and Accruals

Our other payables and accruals primarily consist of accrued expenses, payables for property, plant and equipment, payables for staff related costs, deposit and security deposit, contract liabilities, interest payable, other tax payables, [REDACTED] payable, and others.

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

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	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued expenses	316,589	199,530	289,251	290,289
Contract liabilities	4,035	1,601	1,578	373
Deposit and security deposit	3,828	3,284	3,329	3,367
Payables for property, plant and equipment	675,629	637,315	331,966	215,381
Payables for staff related costs	149,451	151,708	163,402	115,606
Interest payable	2,500	1,928	1,752	1,522
Other tax payables	15,038	28,531	66,656	63,816
[REDACTED] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others ⁽¹⁾	11,724	14,750	58,512	11,268
Total	1,178,794	1,038,647	922,319	707,858

Note:

- (1) We recorded others of RMB58.5 million as of December 31, 2025, primarily attributable to the accrual of costs in connection with Xcovery Holdings’s acquisition of the minority equity interest in Meryx, Inc.

Our other payables and accruals decreased from RMB1,178.8 million as of December 31, 2023 to RMB1,038.6 million as of December 31, 2024. This decrease was primarily attributable to a decrease of RMB117.1 million in accrued expenses due to our timely settlement of sales and marketing expenses. Our other payables and accruals decreased to RMB922.3 million as of December 31, 2025, and further to RMB707.9 million as of June 30, 2026, primarily attributable to decreases in payables for property, plant and equipment in connection with our settlement of construction payments.

As of July 31, 2026, RMB213.5 million, or 30.2% of other payables and accruals as of June 30, 2026 were subsequently paid.

Financial Liabilities at FVPL

Our financial liabilities at FVPL represent development project entitlement payable. As of December 31, 2023, 2024 and 2025 and June 30, 2026, our financial liabilities at FVPL amounted to RMB10.0 million, RMB10.0 million, RMB10.0 million and RMB10.0 million, respectively.

Development project entitlement payable represents entitlements to potential development and commercialization achievements on two drug discovery and development projects granted to a former chief chemistry officer of our Company who resigned before the Track Record Period. The development for these two drug R&D projects remained stable, and there was no significant progress for these two drug R&D projects triggering a material change to the fair value of these projects or the percentage of entitlements, the fair value of such development project entitlement payable therefore remained stable at the end of each year or period during the Track Record Period. For further information regarding our financial liabilities at FVPL, please refer to Notes 26 and 33 to the Accountants’ Report set forth in Appendix I to this document.

Financial Assets at FVOCI

We have strategically invested in a number of biotech companies. Our investments in these biotech companies are recorded as financial assets at FVOCI, which amounted to RMB1,006.6 million, RMB1,076.1 million, RMB1,931.5 million and RMB1,632.3 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The table below sets forth the details of our financial assets at FVOCI 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
Listed equity securities	28,595	207,628	1,530,215	1,222,036
Unlisted equity securities	978,002	868,439	401,315	410,256
Total	1,006,597	1,076,067	1,931,530	1,632,292

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The listed equity securities designed at FVOCI (non-recycling) represent our investment in Agenus Inc., Beijing Biostar Pharmaceuticals Co., Ltd. (Stock Code: 2563), Wuhan Healthgen Biotechnology Corp. (SSE: 688765), and Hanx Biopharmaceuticals (Wuhan) Co., Ltd. (Stock Code: 3378).

The unlisted equity securities designated at FVOCI (non-recycling) represent our investment in a number of private entities. These investments were designated at FVOCI (non-recycling) mainly as the investments are held for strategic purposes. No dividends were received on these investments during the Track Record Period.

The performance of our invested companies, including but not limited to the commercial success of their drug candidates, will affect our cash flow and results of operation. For details of risks relating to our investments in biotech companies, please refer to the paragraphs headed “Risk Factors — Risks Relating to Our Business and Industry — Risks Relating to our Financial Position — Fluctuation of the operational results of our invested companies and the fair value of our investments may adversely affect our financial position” in this document.

Investments Accounted for Using Equity Method

Our investments accounted for using equity method relate to our equity investments in five associates and one joint venture, which are mainly engaged in research and development of medical diagnostic technology that are complementary to us. Our investments accounted for using equity method decreased from RMB375.2 million as of December 31, 2023 to RMB360.5 million as of December 31, 2024, primarily due to the decrease in results of investment in Fucheng Biopharma. Our investments accounted for using equity method significantly increased to RMB651.2 million as of December 31, 2025, primarily due to our increased investment in Hangzhou Beicheng. We invest in certain medical diagnostic technology companies through Hangzhou Beicheng and may continue to increase our investments in Hangzhou Beicheng. Our investments accounted for using equity method remained relatively stable at from RMB651.2 million as of December 31, 2025 and RMB623.8 million as of June 30, 2026.

Financial Assets at FVPL

We recorded financial assets at FVPL of RMB0.5 million, RMB126.4 million, RMB66.0 million and RMB0.6 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, primarily representing our investment in listed equity securities. The changes were primarily due to fluctuations in the stock prices of the companies we invested in. For further information regarding our financial assets at FVPL, please refer to Notes 19(b) and 33(f) to the Accountants’ Report set forth in Appendix I to this document.

We have established internal investment policies and procedures governing our financial assets measured at FVPL. Such investments are required to comply with applicable laws and regulations and be consistent with our strategic objectives, with a focus on improving capital efficiency and generating reasonable returns. We have formulated post-investment management policies and external investment procedures that set out the approval authorities, investment criteria, monitoring requirements and reporting obligations for such investments. Our management team responsible for these investments possesses the relevant expertise, including knowledge of financial instrument accounting standards, regulatory and disclosure requirements, profit and risk assessment, fair value measurement and cash management skills. We maintain a comprehensive internal control mechanism with segregation of duties, under which the investment and strategic cooperation departments conduct project tracking and periodic reviews, the finance department is responsible for fund management and performance assessment, the securities department handles information disclosure matters, and the internal audit team or non-investment personnel perform regular asset verification. Investment decisions are subject to a tiered approval system based on the size and nature of the investment. After [REDACTED], we will comply with our internal policies and measures and the requirements under Chapter 14 of the Listing Rules.

Deferred Income

Our deferred income consists of deferred income on government grants, which mainly represent government grants from the governments for the purpose of supporting our drug research and development activities, awards for new drugs development and capital expenditure. Our deferred income increased from RMB144.7 million as of December 31, 2023 to RMB151.0 million as of December 31, 2024 and further to RMB226.2 million as of December 31, 2025, primarily due to government grants received from the governments in relation with our Shengzhou facility. Our deferred income remained relatively stable at RMB226.2 million as of December 31, 2025 and RMB218.0 million as of June 30, 2026.

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LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we financed our operations primarily through cash generated from our operating activities. Our primary uses of cash are to fund our payment for the purchase of property, plant and equipment, working capital, the development of our drug pipeline, our clinical trials, administrative expenses and other recurring expenses.

The following table sets forth a summary of our cash flows for the years/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
Net cash generated from operating activities	914,229	911,172	911,261	444,978	412,340
Net cash used in investing activities . . .	(1,505,454)	(1,001,693)	(927,866)	(391,291)	(249,975)
Net cash generated from/(used in) financing activities	608,193	(191,384)	(26,176)	2,015	(135,989)
Net increase/(decrease) in cash and cash equivalents	16,968	(281,905)	(42,781)	55,702	26,376
Effect of foreign exchange rate changes .	3,744	1,591	1,079	(196)	(1,170)
Cash and cash equivalents at the beginning of the year/period	731,285	751,997	471,683	471,683	429,981
Cash and cash equivalents at the end of the year/period	<u>751,997</u>	<u>471,683</u>	<u>429,981</u>	<u>527,189</u>	<u>455,187</u>

Operating Activities

In the six months ended June 30, 2026, our net cash generated from operating activities was RMB412.3 million, which was primarily attributable to our profit before income tax of RMB368.3 million, adjusted for non-cash and non-operating items. Positive adjustment for non-cash and non-operating items primarily include (i) amortization of intangible assets of RMB191.0 million, (ii) depreciation for property, plant and equipment of RMB87.8 million, and (iii) interest expenses of RMB36.5 million. The amount was then adjusted negatively by changes in working capital, primarily including (i) an increase in trade receivables of RMB278.1 million and (ii) a decrease in other payables and accruals of RMB105.7 million, partially offset by a decrease in prepayments, deposits and other receivables of RMB121.2 million and an increase in trade payables of RMB67.9 million.

In 2025, our net cash generated from operating activities was RMB911.3 million, which was primarily attributable to our profit before income tax of RMB414.4 million, adjusted for non-cash and non-operating items. Positive adjustment for non-cash and non-operating items primarily include (i) amortization of intangible assets of RMB357.3 million, (ii) depreciation for property, plant and equipment of RMB190.8 million, (iii) interest expenses of RMB76.1 million, (iv) net unrealized loss on financial assets at FVPL of RMB58.7 million, and (v) equity settled share-based payment expenses of RMB41.7 million. The amount was then adjusted negatively by changes in working capital, primarily including (i) an increase in trade receivables of RMB252.6 million, (ii) an increase in prepayments, deposits and other receivables of RMB132.4 million and an increase in inventories of RMB91.6 million, partially offset by an increase in other payables and accruals of RMB200.8 million and an increase in deferred income of RMB75.2 million.

In 2024, our net cash generated from operating activities was RMB911.2 million, which was primarily attributable to our profit before income tax of RMB394.2 million, adjusted for non-cash and non-operating items. Positive adjustment for non-cash and non-operating items primarily include (i) amortization of intangible assets of RMB251.5 million, (ii) depreciation of property, plant and equipment of RMB118.0 million, (iii) interest expenses of RMB45.5 million and (iv) net unrealized loss on financial assets at FVPL of RMB26.3 million, partially offset by equity settled share-based payment expenses of RMB57.1 million. The amount was then adjusted positively by changes in working capital, primarily include (i) a decrease in trade receivables of RMB194.2 million and (ii) a decrease in inventories of RMB37.4 million, partially offset by (i) a decrease in other payables and accruals of RMB93.0 million and (ii) an increase in prepayments, deposits and other receivables of RMB61.1 million.

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In 2023, our net cash generated from operating activities was RMB914.2 million, which was primarily our profit before income tax of RMB322.1 million, adjusted for non-cash and non-operating items. Positive adjustment for non-cash and non-operating items primarily include (i) amortization of intangible assets of RMB200.3 million, (ii) depreciation of property, plant and equipment of RMB101.2 million and (iii) interest expense of RMB44.1 million. The amount was then adjusted positively by changes in working capital, primarily include (i) a decrease in trade receivables of RMB158.8 million, (ii) a decrease in inventories of RMB44.7 million and (iii) an increase in deferred income of RMB31.9 million, partially offset by a decrease in trade payables of RMB25.2 million.

Investing Activities

In the six months ended June 30, 2026, our net cash used in investing activities was RMB250.0 million, which was primarily attributable to payment for the acquisition of property, plant, equipment and investment properties and intangible assets of RMB385.9 million; partially offset by proceeds from disposal of financial assets at fair value of RMB175.6 million.

In 2025, our net cash used in investing activities was RMB927.9 million, which was primarily attributable to (i) payment for the acquisition of property, plant, equipment and investment properties and intangible assets of RMB616.7 million and (ii) payment for investments accounted for using equity method of RMB312.3 million.

In 2024, our net cash used in investing activities was RMB1,001.7 million, which was primarily attributable to payment for the acquisition of property, plant, equipment and investment properties and intangible assets of RMB827.6 million and payment for acquisition of financial assets at fair value of RMB205.3 million; partially offset by proceeds from disposal of financial assets at fair value of RMB31.6 million.

In 2023, our net cash used in investing activities was RMB1,505.5 million, which was primarily attributable to payment for the acquisition of property, plant, equipment and investment properties and intangible assets of RMB1,096.0 million, payment for investments accounted for using equity method of RMB281.7 million and payment for acquisition of financial assets at fair value of RMB150.0 million; partially offset by proceeds from disposal of property, plant and equipment of RMB22.2 million.

Financing Activities

In the six months ended June 30, 2026, our net cash used in financing activities was RMB136.0 million, which was primarily attributable to repayment of borrowings of RMB607.0 million, dividends paid to equity shareholders of the Company of RMB63.1 million and payment for additional shareholding in a subsidiary of RMB40.9 million; partially offset by proceeds from new borrowings of RMB617.0 million.

In 2025, our net cash used in financing activities was RMB26.2 million, primarily as a result of repayment of borrowings of RMB851.9 million and interest paid of RMB73.4 million, partially offset by proceeds from new borrowings raised of RMB917.8 million and cash received under share option scheme of RMB92.2 million.

In 2024, our net cash used in financing activities was RMB191.4 million, primarily as a result of repayment of borrowings of RMB668.3 million, interest paid of RMB80.9 million and dividends paid to equity shareholders of our Company of RMB71.1 million. This was partially offset by proceeds from new borrowings raised of RMB644.8 million.

In 2023, our net cash generated from financing activities was RMB608.2 million, primarily as a result of proceeds from new borrowings raised of RMB1,890.0 million and cash received under share option scheme of RMB60.8 million. This was partially offset by Settlement of financial liabilities at FVPL of RMB716.5 million and repayment of borrowings of RMB511.0 million.

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 32 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.

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CAPITAL EXPENDITURES

We regularly incur capital expenditures to purchase and maintain our intangible assets and property, plant and equipment in order to enhance our development capabilities and expand our business operations, including the construction of our facilities. Our capital expenditures in 2023, 2024 and 2025 and the six months ended June 30, 2026 were RMB1,096.0 million, RMB827.6 million, RMB616.7 million and RMB385.9 million, respectively. Historically, we have funded our capital expenditures mainly through cash generated from operations, equity financing and borrowings.

We expect to incur capital expenditures in the future to purchase and maintain our intangible assets and property, plant and equipment for our research and development, which we expect to fund primarily through cash generated from operations, [REDACTED] from the [REDACTED], borrowings and others. 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/period end not provided for in the financial statements of RMB865.2 million, RMB438.8 million, RMB311.5 million and RMB212.1 million. Our capital commitments not yet provided primarily consist of construction of machinery and equipment, acquisition of plants and buildings, and acquisition of patents and exclusive licenses.

The following table sets forth our capital commitments not yet provided as of the date indicated:

	As of December 31,			As of June 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for:				
Acquisition of plants and buildings	8,149	1,650	–	–
Construction of machinery and equipment. . .	652,055	257,191	211,468	112,069
Acquisition of patents and exclusive licenses .	205,000	180,000	100,000	100,000
Total	865,204	438,841	311,468	212,069

INDEBTEDNESS

The following table sets forth the breakdown of our bank loans, financial liabilities at FVPL and lease 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
Current liabilities:				
Interest-bearing borrowings	599,020	768,931	871,423	1,177,829
Lease liabilities	4,603	2,103	2,663	2,206
Financial liabilities at FVPL	10,000	10,000	10,000	10,000
	613,623	781,034	884,086	1,190,035
Non-current liabilities:				
Interest-bearing borrowings	1,816,000	1,620,588	1,583,690	1,287,296
Lease liabilities	8,183	2,543	2,869	2,032
	1,824,183	1,623,131	1,586,559	1,289,328
Total	2,437,806	2,404,165	2,470,645	2,479,363

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Interest-bearing Borrowings

We recorded interest-bearing borrowings (current and non-current) of RMB2,415.0 million, RMB2,389.5 million, RMB2,455.1 million and RMB2,465.1 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. The bank loans bears a variable interest rate depending on the benchmark interest rate published by the People’s Bank of China. The weighted average interest rate of our bank borrowings were 3.48%, 3.48%, 2.81% and 2.72% per annum as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. As of July 31, 2026, we had unutilized banking facilities of RMB374.0 million.

During the Track Record Period and up to the Latest Practicable Date, we had not been in violation of any of the material covenants pursuant to the respective loan agreements we entered into with the relevant banks, and there was no delay or default in the repayment of borrowings during the Track Record Period. Taking our financial position into consideration, we are able to abide by these covenants amid current market conditions and that our capital raising abilities were not materially affected as of the Latest Practicable Date.

Lease Liabilities

Our lease liabilities primarily comprise leases of properties primarily used for manufacturing bases, R&D and office premises, warehouses and dormitories. We had lease liabilities (current and non-current) of RMB12.8 million, RMB4.6 million, RMB5.5 million and RMB4.2 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively.

Financial Liabilities at FVPL

Our financial liabilities at FVPL represent preferred stock with redeemable obligation. We recorded financial liabilities at FVPL of RMB10.0 million, RMB10.0 million, RMB10.0 million and RMB10.0 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively. For more details, please refer to the paragraphs headed “ — Discussion of Certain Selected Items from the Consolidated Statements of Financial Position — Financial Liabilities at FVPL” in this document.

Indebtedness Statement

Except as disclosed in this document, as of June 30, 2026, we did not have any outstanding or authorized but unissued debt securities, term loans, other borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, mortgages and charges, guarantees or other material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that there has been no material change in our indebtedness since June 30, 2026 and up to the date of this document.

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 for at least the next twelve months from the date of this document.

Our cash conversion cycle, calculated by adding inventory turnover days and trade receivables turnover days, then subtracting trade payables turnover days, was 336 days, 214 days, 159 days and 144 days for 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively. Although our cash conversion cycle remained positive during these periods, we did not experience any

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cashflow mismatch. This was primarily because we maintained high gross profit margins of approximately 80% in recent years and our cash inflows from sales significantly exceeded our cash outflows for purchases. In addition, part of our inventory consisted of materials reserved for R&D activities of our drug candidates, which may limit the extent to which accounting turnover indicators reflect the actual cashflow cycle of our operations. We have implemented various measures to enhance operational efficiency and manage our cash conversion cycle, including strengthening inventory management through refined planning and optimized procurement and production arrangements, tightening trade receivables management by reinforcing customer credit assessments, adopting differentiated credit policies and establishing collection and ageing review mechanisms, and improving cash flow planning by arranging trade payables settlement schedules in a prudent manner and seeking longer and commercially reasonable payment terms where appropriate.

Although we had net current liabilities of RMB277.3 million, RMB623.6 million, RMB339.5 million and RMB313.7 million as of December 31, 2023, 2024 and 2025 and June 30, 2026, respectively, we consider that we have sufficient working capital for our operations. The net current liability position during the Track Record Period was primarily attributable to our increased capital expenditure relating to the construction of manufacturing and R&D facilities to support the development and commercialization of our drug and drug candidates. As the major capital expenditure projects have largely been completed, capital outlays are expected to decline, and our net current liability position is expected to improve accordingly. Our operations have consistently generated strong operating cash flows, amounting to RMB914.2 million, RMB911.2 million, RMB911.3 million and RMB412.3 million in 2023, 2024 and 2025 and the six months ended June 30, 2026, respectively, which provide a stable source of liquidity for meeting working capital needs and repaying borrowings. We will also continue to optimize our capital structure by appropriately balancing short-term and long-term borrowings and managing the mix of debt and equity financing to further improve our net current liability position. In addition, we maintain long-standing cooperative relationships with multiple financial institutions and have sufficient banking facilities available, which enable us to access external funding in a timely manner when necessary to support our operational and strategic requirements.

KEY FINANCIAL RATIOS

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

	Year ended/As of December 31,			Six months ended/As of June 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Gross profit margin ⁽¹⁾	82.7%	80.5%	78.3%	80.0%	75.1%
Net profit margin ⁽²⁾	13.6%	13.4%	7.9%	7.5%	14.8%
Adjusted net profit margin (non-IFRS measure) ⁽³⁾	13.4%	11.4%	9.1%	8.7%	15.1%
EBITDA margin (non-IFRS measure) ⁽⁴⁾	26.8%	27.8%	28.7%	28.6%	34.6%
Adjusted EBITDA margin (non-IFRS measure) ⁽⁵⁾	26.6%	25.9%	29.9%	29.7%	34.9%
Net profit cash conversion ratio ⁽⁶⁾	274.0%	235.5%	318.4%	340.4%	140.9%

Notes:

- (1) Gross profit margin is calculated using gross profit divided by revenue and multiplied by 100%.
- (2) Net profit margin is calculated using profit for the year/period divided by revenue and multiplied by 100%.
- (3) Adjusted net profit margin (non-IFRS measure) is calculated using adjusted net profit (non-IFRS measure) divided by revenue multiplied by 100%. See “— Non-IFRS Measures.”
- (4) EBITDA margin (non-IFRS measure) is calculated using EBITDA (non-IFRS measure) divided by revenue multiplied by 100%. See “— Non-IFRS Measures.”
- (5) Adjusted EBITDA margin (non-IFRS measure) is calculated using adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%. See “— Non-IFRS Measures.”
- (6) Net profit cash conversion ratio is calculated using net cash generated from operating activities divided by profit for the year/period and multiplied by 100%.

Please refer to the paragraph headed “— Period to Period Comparison of Results of Operations” in this section for a discussion of the factors affecting our gross profit margin during the respective periods.

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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.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of risks, including credit risk, liquidity risk and currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. See Note 33 to the Accountants’ Report in the Appendix I to this document.

DIVIDEND

Where we record profit for the year and has positive accumulated undistributed profit, we shall give priority to the distribution of dividends, and the total amount of dividends distributed for the year shall not be less than 20% of the profit available for distribution for that year. We declared and paid cash dividends of RMB29.2 million, RMB71.1 million, RMB83.7 million and RMB63.1 million to our shareholders in 2023, 2024 and 2025 and the six months ended June 30, 2026. We may distribute dividends by way of shares or cash, or a combination of both shares and cash. Pursuant to our Articles of Association, our Board may formulate the profit distribution plans, and such plan shall be approved by both the Board meeting and the shareholders’ meeting. 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, applicable PRC Law and approval by our Shareholders. Under our Articles of Association, when our Company makes profits in the current year and the accumulated undistributed profit is positive, our Company shall give priority to the distribution of cash dividends. The total amount of the cash dividend distributed shall be at least 20% of total dividends in the same distribution. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

PROPERTY INTEREST AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, an independent property valuer, has valued our selective property interests as of June 30, 2026. Particulars of these property interests are set out in Appendix III to this document.

The table below sets out the reconciliation between the net book value of our selective property as of June 30, 2026 in the Accountants’ Report set out in Appendix I to this document and the market value of our selective property as of June 30, 2026 in the Property Valuation Report set out in Appendix III to this document.

	(RMB’000)
Net book value of our selective property as of June 30, 2026	1,614,920
Net Valuation surplus as of June 30, 2026	87,080
Valuation as of June 30, 2026 as set out in Appendix III to this document	<u><u>1,702,000</u></u>

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of June 30, 2026, we had distributable reserves of RMB3,084.4 million, which were available for distribution to our equity shareholders.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] million (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 gross [REDACTED] from the [REDACTED], assuming no H Shares are issued pursuant to the [REDACTED]. The above [REDACTED] are comprised of (i) [REDACTED] expenses of HK\$[REDACTED] million, and (ii) [REDACTED] expenses of HK\$[REDACTED] million, including (a) the legal advisors and the reporting accountants expenses of HK\$[REDACTED] million, and (b) other fees and expenses of HK\$[REDACTED] million. During the Track Record Period, we incurred [REDACTED] of HK\$[REDACTED] million, HK\$[REDACTED] million of which was charged to our consolidated statements of profit or loss, and HK\$34.4 million of which was attributable to the [REDACTED] of H Shares and will be deducted from equity upon [REDACTED]. We expect to incur [REDACTED] of HK\$[REDACTED] million after the Track Record Period, of which approximately HK\$[REDACTED] million is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] million is attributable to the [REDACTED] of H Shares and will be deducted from equity upon [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[REDACTED]

NO MATERIAL ADVERSE CHANGE

Save as discussed under “Summary — Recent Developments and No Material Adverse Change”, our Directors confirm that, after performing all the due diligence work which our Directors consider appropriate, 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.