

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE DIRECTORS OF SICHUAN BIOKIN PHARMACEUTICAL CO., LTD.

Introduction

We have reviewed the condensed consolidated financial statements of 四川百利天恒藥業股份有限公司 (Sichuan Biokin Pharmaceutical Co., Ltd.) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages IB-3 to IB-22, which comprise the condensed consolidated statement of financial position as of September 30, 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period then ended, and notes to the condensed consolidated financial statements. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

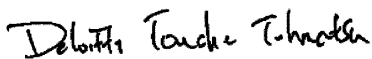
We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Other Matter

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months period ended September 30, 2024 and the relevant explanatory notes included in these condensed consolidated financial statements have not been audited or reviewed.



Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

November 7, 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Nine months ended September 30,	
	<i>NOTES</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	3	2,064,604	5,661,227
Cost of sales		<u>(171,374)</u>	<u>(190,920)</u>
Gross profit		1,893,230	5,470,307
Other income	4	192,268	163,819
Other gains and losses, net	5	(62,699)	(46,296)
Impairment losses under expected credit loss ("ECL") model, net of reversal		1,858	1,477
Research and development expenses		(1,772,382)	(931,701)
Distribution and selling expenses		(157,412)	(156,046)
Administrative expenses		(219,890)	(122,322)
Other expenses		(1,673)	(1,748)
Finance costs		<u>(58,892)</u>	<u>(27,798)</u>
(Loss) profit before tax		(185,592)	4,349,692
Income tax expense	6	<u>(308,924)</u>	<u>(284,324)</u>
(Loss) profit for the period attributable to owners of the Company	7	<u>(494,516)</u>	<u>4,065,368</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		219	118
Exchange differences on translation from foreign operations		<u>4,178</u>	<u>15,472</u>
Total other comprehensive income for the period		<u>4,397</u>	<u>15,590</u>
Total comprehensive (expense) income for the period attributable to owners of the Company		<u><u>(490,119)</u></u>	<u><u>4,080,958</u></u>
(Loss) earnings per share (in RMB)	9		
Basic and diluted		<u><u>(1.23)</u></u>	<u><u>10.14</u></u>

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	As at September 30, 2025 <i>RMB'000</i> <i>(unaudited)</i>	As at December 31, 2024 <i>RMB'000</i> <i>(audited)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	10	647,128	550,466
Right-of-use assets	10	162,524	65,145
Investment properties		1,156	1,343
Intangible assets		5,715	2,557
Deferred tax assets	11	122,625	179,195
Deposits for acquisition of property, plant and equipment		20,519	31,447
		959,667	830,153
CURRENT ASSETS			
Inventories		141,891	149,906
Right to returned goods assets		5,663	6,414
Contract costs		28,864	12,286
Trade and other receivables	12	2,204,990	350,901
Tax recoverable		18,813	26,609
Financial assets at fair value through profit or loss ("FVTPL")	13	72,578	–
Bills receivables at FVTOCI		5,487	20,118
Term deposits		2,803,626	2,532,974
Restricted bank balances	14	531,362	–
Cash and cash equivalents		5,546,271	3,207,998
		11,359,545	6,307,206
CURRENT LIABILITIES			
Borrowings	15	817,986	830,788
Trade and other payables	16	858,672	758,703
Contract liabilities		355,645	356,135
Refund liabilities		8,709	9,725
Sale and leaseback payable		–	7,735
Lease liabilities	10	17,911	12,457
Tax payable		90,423	14,130
Deferred income		7,266	4,983
		2,156,612	1,994,656
NET CURRENT ASSETS		9,202,933	4,312,550
TOTAL ASSETS LESS CURRENT LIABILITIES		10,162,600	5,142,703

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

		As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
	NOTES		
CAPITAL AND RESERVES			
Share capital	17	412,874	401,000
Reserves		6,686,215	3,457,154
Equity attributable to owners of the Company		7,099,089	3,858,154
Non-controlling interests		71,804	27,771
TOTAL EQUITY		7,170,893	3,885,925
NON-CURRENT LIABILITIES			
Borrowings	15	2,810,090	1,189,430
Deferred tax liabilities	11	1,769	1,938
Lease liabilities	10	124,786	28,126
Deferred income		55,062	37,284
		2,991,707	1,256,778
		10,162,600	5,142,703

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital RMB'000	Capital reserve RMB'000 (Note i)	FVTOCI reserve RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 (Note ii)	Share- based payments reserve RMB'000	(Accumulated loss)/retained profits RMB'000	Sub-total RMB'000	Non- controlling interest RMB'000	Total RMB'000
As at January 1, 2024 (audited)	401,000	966,896	(312)	1,438	13,537	626	(1,231,312)	151,873	-	151,873
Profit for the period	-	-	-	-	-	-	4,065,368	4,065,368	-	4,065,368
Other comprehensive income for the period	-	-	118	15,472	-	-	-	15,590	-	15,590
Total comprehensive income for the period	-	-	118	15,472	-	-	4,065,368	4,080,958	-	4,080,958
Share-based payments (Note 20)	-	-	-	-	-	(626)	-	(626)	9,694	9,068
As at September 30, 2024 (unaudited)	401,000	966,896	(194)	16,910	13,537	-	2,834,056	4,232,205	9,694	4,241,899
As at January 1, 2025 (audited)	401,000	966,896	(306)	834	13,537	-	2,476,193	3,858,154	27,771	3,885,925
Loss for the period	-	-	-	-	-	-	(494,516)	(494,516)	-	(494,516)
Other comprehensive income for the period	-	-	219	4,178	-	-	-	4,397	-	4,397
Total comprehensive income (expense) for the period	-	-	219	4,178	-	-	(494,516)	(490,119)	-	(490,119)
Placement of A shares (Note 17)	11,874	3,719,180	-	-	-	-	-	3,731,054	-	3,731,054
Share-based payments (Note 20)	-	-	-	-	-	-	-	-	44,033	44,033
As at September 30, 2025 (unaudited)	412,874	4,686,076	(87)	5,012	13,537	-	1,981,677	7,099,089	71,804	7,170,893

Notes:

- (i) The capital reserve as at January 1, 2024 included (i) the effect of group reorganization in prior years amounted to RMB122,599,000 and (ii) the proceed amounted to RMB844,297,000 from listing of A shares on Shanghai Stock Exchange in the year ended December 31, 2022.
- (ii) According to the relevant laws in the People's Republic of China (the "PRC"), companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
(Loss) profit before tax	(185,592)	4,349,692
Adjustments for:		
Interest income on bank deposits	(169,902)	(130,176)
Loss on bills receivables at FVTOCI reclassified from equity upon derecognition	306	312
Loss on disposal/written-off of property, plant and equipment	2,512	134
Impairment losses under ECL model, net of reversal	(1,858)	(1,477)
Allowance for inventories	22,033	11,895
Gain on fair value change of financial assets at FVTPL	(6,327)	(30,675)
Depreciation of property, plant and equipment	61,888	50,596
Depreciation of investment properties	187	188
Depreciation of right-of-use assets	15,511	7,268
Amortization of intangible assets	1,544	1,375
Finance costs	58,892	27,798
Net foreign exchange loss	66,263	76,807
Share-based payments expenses	44,033	9,068
Release of assets-related government subsidies	(4,316)	(1,196)
Release of expense-related government subsidies	—	(2,843)
Operating cash flows before movements in working capital	(94,826)	4,368,766
Increase in inventories	(14,018)	(35,865)
Decrease in bills receivables at FVTOCI	14,544	7,168
Increase in trade and other receivables	(1,880,617)	(52,992)
Decrease (increase) in right to returned goods asset	751	(128)
Increase in contract costs	(16,578)	—
Increase in trade and other payables	113,142	17,285
Decrease in refund liabilities	(1,016)	(965)
(Decrease) increase in contract liabilities	(490)	337,087
Cash (used in) generated from operations	(1,879,108)	4,640,356
Income tax paid	(168,434)	(209,798)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,047,542)	4,430,558

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
INVESTING ACTIVITIES		
Assets-related government subsidies received	24,377	–
Interest on bank balances received	131,135	114,292
Purchase of property, plant and equipment and intangible assets	(173,002)	(38,466)
Proceeds from disposal of property, plant and equipment	1,830	97
Purchase of financial assets at FVTPL	(71,097)	(1,619,270)
Proceeds from disposal of financial assets at FVTPL	–	1,649,945
Placement of term deposits	(2,796,440)	(697,257)
Withdrawal from term deposits	2,568,619	–
Placement of restricted bank balances	(886,658)	(40,605)
Withdrawal from restricted bank balances	355,296	27,075
NET CASH USED IN INVESTING ACTIVITIES	(845,940)	(604,189)
FINANCING ACTIVITIES		
Interest paid	(58,334)	(28,049)
New bank borrowings raised	2,252,550	1,128,930
Repayment of bank borrowings	(645,250)	(242,960)
Repayment of lease liabilities	(10,776)	(6,818)
Repayment of sale and leaseback of equipment	(7,735)	(40,200)
Placement of A shares	3,764,000	–
Transaction costs attributable to issue of shares	(37,353)	(16,219)
NET CASH FROM FINANCING ACTIVITIES	5,257,102	794,684
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,363,620	4,621,053
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,207,998	391,693
Effect of foreign exchange rate changes	(25,347)	(62,047)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,546,271	4,950,699
Represented by:		
Bank balances and cash	4,160,225	4,752,635
Certificates of deposit	1,386,046	198,064
	5,546,271	4,950,699

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**

1. GENERAL AND BASIS OF PREPARATION

四川百利天恒藥業股份有限公司 (Sichuan Biokin Pharmaceutical Co., Ltd.) (the “Company”) was incorporated in the PRC in 2006 as a limited liability company under the Company Law of the PRC. On January 6, 2023, the Company’s shares were listed on Shanghai Stock Exchange. The Company’s ultimate controlling party is Dr. Zhu Yi (朱義), who is also the chairman and the chief executive of the Company.

The Company and together with other group entities engage in the businesses of innovative drug research and development, and manufacture and sale of pharmaceutical products. The principal operations and geographic markets of the Company and its subsidiaries (together, the “Group”) are primarily the PRC and in the United States of America (the “U.S.”).

The condensed consolidated financial statements for the nine months ended September 30, 2025 have been prepared in accordance with IAS 34 “Interim Financial Reporting” issued by International Accounting Standards Board as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the nine months ended September 30, 2025 are the same as those adopted in the preparation of the Group’s historical financial information for the three years ended December 31, 2024 and the six months ended June 30, 2025 as set out in Appendix IA in the prospectus of the Company dated November 7, 2025 in connection with the initial public offering of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

3. REVENUE AND SEGMENT INFORMATION

Revenue

	Nine months ended September 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Type of goods or service		
Sale of pharmaceutical products:		
– Distributors	271,831	325,030
– Direct sales to retail pharmacies	3,834	1,906
Others	12,564	2,567
	<u>288,229</u>	<u>329,503</u>
License fee income	<u>1,776,375</u>	<u>5,331,724</u>
Total	<u>2,064,604</u>	<u>5,661,227</u>
Timing of revenue recognition		
At point in time	<u>2,064,604</u>	<u>5,661,227</u>

Performance obligations for contracts with customers and revenue recognition policies***Sale of pharmaceutical products***

Revenue from the sale of pharmaceutical products is recognized at point in time when control of the goods has transferred, being when the goods have been shipped to the specific location and accepted, the customers have the primary responsibility for the risks of obsolescence and loss in relation to the goods while it can request return or refund only if the goods delivered do not meet the required quality standards.

At the point of sale, a corresponding adjustment to revenue is made for those products expected to be returned. The Group estimates the future sales return of the products sold based on the historical experience. A refund liability is recognized for sales in which revenue has yet to be recognized. Right to returned goods asset (and corresponding adjustment to cost of sales) is recognized for right to recover products from customers on settling the refund liability.

The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risk and there is no significant financing component. For customers with long-term relationships, the normal credit term granted ranges from 30 to 120 days upon delivery.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. All the contracts that are unsatisfied are for periods of one year or less.

Under the standard contract terms, customers have a right to receive rebates. The Group uses its accumulated historical experience to estimate the amount of consideration to which it will be entitled using the most likely amount.

License fee income

In December 2023, the Group entered into an agreement with an independent third party pursuant to which the Group granted to the counterparty, amongst others, primarily an exclusive right of development and further commercialization of iza-bren in the rest of the world except in the PRC and the U.S.. In addition, the Group entered into collaboration arrangement with the counterparty for the development and commercialization activities of iza-bren in the U.S. on which the contributions/rewards in relation to the activities are determined based on a fixed percentage of costs/profits to be incurred/generated in the future. In the opinion of the management, the collaboration arrangement constitutes a joint arrangement on which the Group shares the risks and benefits associated with such activities in the U.S..

Iza-bren, internally discovered and developed, is the bispecific antibody-drug conjugates intended for the treatment of various solid tumors. The consideration for the agreement comprises a fixed element (a non-refundable and non-creditable upfront payment of US Dollar ("USD") 800,000,000 (equivalent to approximately RMB5,679,703,000)) (the "Upfront Payment"), several variable elements (i.e. further payments according to timing in achievements of various clinical trial milestones, regulatory milestones, sales milestones and sales-based royalties).

The Group determined that the consideration for the Upfront Payment relates to two performance obligations: (1) the grant of license and (2) the transfer of manufacturing technology relating to the process for the manufacture of iza-bren and its related products. The Group allocates the total transaction price of the Upfront Payment into two performance obligations based on estimation of the standalone selling price for the transfer of manufacturing technology, which a customer in the market would be willing to pay, and then applying residual approach in the estimation of standalone selling price for the grant of license.

The revenue for grant of license, which represents a right to use the Group's intellectual property, is recognized at a point in time at which the license transfers. The transfer of license to the customer was completed in March 2024 and the Group recognized revenue of USD751,000,000 (equivalent to approximately RMB5,331,724,000) in relation to the grant of license. The remaining transaction price of USD49,000,000 (equivalent to approximately RMB347,979,000) is allocated to the performance obligation of transferring manufacturing technology, which is recorded in contract liability and the timing of transfer is at the discretion of the customer.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

During the nine months ended September 30, 2025, the Group recognized revenue of USD250,000,000 (equivalent to approximately RMB1,776,375,000) in respect of the variable consideration for the performance obligation of the granting of license taken into account the fact that the uncertainty associated with the variable consideration is resolved upon initiation of global Phase II/III trials of Iza-bren on September 30, 2025 and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The above arrangement is set out in “Iza-bren (EGFR × HER3 bispecific ADC)” under the section “BUSINESS” of the Prospectus.

Segment information

For the purposes of resources allocation and performance assessment, Dr. Zhu Yi, the chairman and the chief executive of the Company, being the chief operating decision maker, reviews the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Entity-wide disclosures

Geographical information

An analysis of the Group’s revenue from external customers, analyzed by their respective country/region of domicile, is detailed below:

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
– PRC	275,665	326,936
– U.S.	1,788,939	5,334,291
Total	2,064,604	5,661,227

Information about the Group’s non-current assets by geographical location of the assets is presented below:

	As at	As at
	September 30,	December 31,
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(audited)
Non-current assets (Note)		
– PRC	708,692	618,500
– U.S.	128,350	32,458
Total	837,042	650,958

Note: Non-current assets excluding deferred tax assets.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. OTHER INCOME

	Nine months ended September 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest income on bank deposits	169,902	130,176
Rental and rental-related income	1,227	1,333
Government grants (<i>Note</i>)	16,726	27,713
Release of expense-related government subsidies	–	2,843
Release of assets-related government subsidies	4,316	1,196
Others	97	558
Total	192,268	163,819

Note: The government grants recognized mainly represent subsidies granted by the PRC local authorities to support the operation activities of the Group, in which no future related cost is expected to be incurred. The government grants with no unfulfilled conditions are recognized when payments were received or became receivable.

5. OTHER GAINS AND LOSSES, NET

	Nine months ended September 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Loss on disposal/written-off of property, plant and equipment	(2,512)	(134)
Gain on fair value change of financial assets at FVTPL	6,327	30,675
Net foreign exchange loss	(66,263)	(76,807)
Others	(251)	(30)
Total	(62,699)	(46,296)

6. INCOME TAX EXPENSE

	Nine months ended September 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
PRC Enterprise Income Tax (“EIT”)		
– current tax	(51)	(171,010)
– over (under) provision in prior periods	2,614	(51)
U.S. EIT	(255,110)	(259,160)
Deferred tax	(56,377)	145,897
	(308,924)	(284,324)

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Company and the group entities established in the PRC (other than those as described below) is 25% during the reporting period.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The subsidiary of the Company, namely 拉薩新博藥業有限責任公司 (Lhasa Xinbo Pharmaceutical Co., Ltd.*) that is engaged in the “Encouraged Industries in the Western Region” is eligible for the preferential EIT rate at 15% during the reporting period.

On November 11, 2019, the “Certificate of New Hi-tech Enterprise” was granted to a subsidiary of the Company, namely 四川百利藥業有限責任公司 (Sichuan Baili Pharmaceutical Co., Ltd.*) (“Baili Pharmaceutical”), which was expired in 2021 and renewed on December 12, 2023 with a valid period of three years. Hence, Baili Pharmaceutical is eligible for the preferential EIT rate of 15% during the reporting period.

On December 3, 2020, the “Certificate of New Hi-tech Enterprise” was granted to a subsidiary of the Company, namely 四川國瑞藥業有限責任公司 (Sichuan Guorui Pharmaceutical Co., Ltd.*) (“Guorui Pharmaceutical”), and was renewed on December 12, 2023 with a valid period of three years. Guorui Pharmaceutical is eligible for the preferential EIT rate at 15% during the reporting period.

Since 2023, two subsidiaries of the Company, namely 成都海亞特科技有限責任公司 (Chengdu Hiatt Technology Co., Ltd.*) and 拉薩天澤藥業有限責任公司 (Lhasa Tianze Pharmaceutical Co., Ltd.*), are qualified as small and micro enterprises and are eligible for the preferential EIT rate at 20% during the reporting period.

Since 2024, a subsidiary of the Company, namely 成都百利多特生物藥業有限責任公司 (Baili-Bio (Chengdu) Pharmaceutical Co., Ltd.*), that is engaged in the “Encouraged Industries in the Western Region”, is eligible for the preferential EIT rate at 15%.

SystImmune, INC. (“SystImmune”), a subsidiary of the Company is subject to U.S. EIT representing 21% (nine months ended September 30, 2024: 21%) of the applicable U.S. Federal Income Tax rate and blended average rate of 0.13% (nine months ended September 30, 2024: 3.52%) of the State Income Tax arising from applicable States in the U.S..

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

* English name for identification only

7. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	61,888	50,596
Depreciation of investment properties	187	188
Depreciation of right-of-use assets	15,511	7,268
Total depreciation	77,586	58,052
Capitalized in inventories	(13,898)	(14,196)
	63,688	43,856
Amortization of intangible assets	1,544	1,375
Allowance for inventories	22,033	11,895

8. DIVIDENDS

No dividends were paid, declared or proposed during both reporting periods. The directors of the Company have determined that no dividend will be paid in respect of the current reporting period.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	Nine months ended September 30,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
(Loss) earnings for the period:		
(Loss) earnings for the purpose of basic (loss) earnings per share	(494,516)	4,065,368
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	401,655	401,000

Diluted (loss) earnings per share for both periods is same as the basic (loss) earnings per share as (i) the effect of assumed exercise of share options granted by SystImmune is not significant for loss per share for the nine months ended September 30, 2025 and (ii) the assumed exercise of share options granted by SystImmune would result in an increase in earnings per share for the nine months ended September 30, 2024.

10. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS/LEASE LIABILITIES

During the reporting period, the Group incurred RMB162,892,000 for acquisition of property, plant and equipment (nine months ended September 30, 2024: RMB47,287,000) mainly comprising of RMB149,716,000 for equipment upgrading research and production program (nine months ended September 30, 2024: RMB16,315,000).

During the reporting period, the Group disposed of/wrote off property, plant and equipment with carrying values amounted to RMB4,342,000 (nine months ended September 30, 2024: RMB231,000), resulting in a loss on disposal/written-off of property, plant and equipment of RMB2,512,000 (nine months ended September 30, 2024: RMB134,000).

During the reporting period, the Group entered into several new lease agreements for buildings with lease terms ranged from 24 to 204 months (nine months ended September 30, 2024: 12 to 48 months). On the date of lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB112,890,000 (nine months ended September 30, 2024: RMB23,604,000), respectively.

11. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognized and movements during the current and preceding reporting periods:

	ECL provision RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Deferred income RMB'000	Selling rebates/refund liabilities RMB'000	Contract liabilities on transfer of manufacturing technology expenses in U.S. RMB'000	Timing difference on research and development on unbilled accruals RMB'000	Others RMB'000	Total RMB'000
At January 1, 2024 (audited)	854	(1,081)	1,081	70,476	785	819	-	-	3,243	76,177
(Charge) credit to profit or loss	(193)	(4,404)	4,404	6	(475)	(103)	52,164	1,177	270	145,897
Credit to the other comprehensive income	-	-	-	-	-	-	-	-	8	8
At September 30, 2024 (unaudited)	661	(5,485)	5,485	70,482	310	716	52,164	1,177	3,521	222,082
Credit (charge) to profit or loss	164	(429)	429	(40,860)	(16)	(135)	33	21,174	(1,761)	(44,823)
Charge to the other comprehensive income	-	-	-	-	-	-	-	-	(2)	(2)
At December 31, 2024 and January 1, 2025 (audited)	825	(5,914)	5,914	29,622	294	581	52,197	22,351	1,758	177,257
(Charge) credit to profit or loss	(599)	(19,711)	19,711	(2,450)	(49)	(574)	-	(22,351)	(2,726)	(56,377)
Charge to the other comprehensive income	-	-	-	-	-	-	-	-	(24)	(24)
At September 30, 2025 (unaudited)	226	(25,625)	25,625	27,172	245	7	52,197	42,001	(992)	120,856

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Deferred tax assets	122,625	179,195
Deferred tax liabilities	(1,769)	(1,938)
	<u>120,856</u>	<u>177,257</u>

12. TRADE AND OTHER RECEIVABLES

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade receivables – contract with customers	1,868,658	118,328
Less: allowance for credit losses	(10,494)	(11,613)
	<u>1,858,164</u>	<u>106,715</u>
Bills receivables	9,799	12,506
Less: allowance for credit losses	(492)	(625)
	<u>9,307</u>	<u>11,881</u>
Other receivables (<i>Note</i>)	45,080	49,885
Less: allowance for credit losses	(2,821)	(3,427)
	<u>42,259</u>	<u>46,458</u>
Prepayments to suppliers	109,524	81,590
Value-added tax recoverable	150,077	75,543
Prepaid expenses	1,176	1,801
Deferred issue costs	34,483	26,913
	<u>2,204,990</u>	<u>350,901</u>

Note: The balance mainly includes receivables from a cost sharing arrangement in respect of the collaboration of development and commercialization of iza-bren with an independent third party amounted to RMB22,084,000 (December 31, 2024: RMB27,564,000).

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following is an aging analysis of trade receivables and bills receivables (net of allowance for credit losses) presented based on the dates of goods delivery at the end of each reporting period:

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Within 1 year	1,865,448	116,245
1-2 years	1,529	1,669
2-3 years	211	350
Over 3 years	283	332
	<u>1,867,471</u>	<u>118,596</u>

The normal credit term to the customers ranged between 30 to 120 days. The Group does not hold any collateral over these balances.

13. FINANCIAL ASSETS AT FVTPL

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Foreign currency forward contracts (<i>Note 1</i>)	1,300	–
Money market fund (<i>Note 2</i>)	71,278	–
	<u>72,578</u>	<u>–</u>

Notes:

- During the nine months ended September 30, 2025, the Group entered into several foreign currency forward contracts with a reputable bank, which entitled the Group to sell USD for HK\$ to the bank at a predetermined exchange rate upon maturity of the contracts. The contracts are not designated as a hedging instrument by the management and is recognized as financial assets at FVTPL accordingly as at September 30, 2025. Major items of the contracts are detailed as follows.

Notional amount	Maturity	Exchange rates
sell USD30,000,000	March 19, 2026	HK\$7.7760:USD1.0000
sell USD70,000,000	December 4, 2025	HK\$7.7985:USD1.0000

- The money market fund is purchased from a reputable bank with maturities within 3 months.

14. RESTRICTED BANK BALANCES

Restricted bank balances represent amounts of RMB498,398,000 pledged to banks for fulfilling foreign currency forward contracts and amounts of RMB32,964,000 pledged to banks for issuing letter of credit. Restricted bank balances as at September 30, 2025 carry interest at prevailing market rates ranging from 3.16% to 3.34% per annum.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15. BORROWINGS

During the current reporting period, the Group obtained new bank loans amounting to RMB2,252,550,000 (nine months ended September 30, 2024: RMB1,128,930,000) and repaid bank loans amounting to RMB645,250,000 (nine months ended September 30, 2024: RMB242,960,000). As at September 30, 2025, the borrowings carry interest at fixed rates ranging from 2.35% to 2.85% per annum (December 31, 2024: 2.35% to 2.95%) and variable market rates ranging from 2.35% to 2.95% per annum (December 31, 2024: 2.60% to 3.95%), and are repayable in instalments over a period of one to five years.

16. TRADE AND OTHER PAYABLES

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Trade payables	82,193	113,797
Trade payables settled with endorsed bills	6,553	7,476
Bills payables	80,361	105,450
	<u>169,107</u>	<u>226,723</u>
Salaries and wages payables	80,503	79,479
Other tax payables	17,383	17,661
Accruals	408,272	241,303
Accrual for promotional cost	65,925	98,631
Consideration payable for acquisition of property, plant and equipment	30,367	30,031
Deposits from suppliers	70,883	52,600
Accrual for issue costs	10,580	7,417
Other payables	5,652	4,858
	<u>689,565</u>	<u>531,980</u>
	<u>858,672</u>	<u>758,703</u>

The normal credit term to the Group ranged between 30 to 180 days.

The following is an aging analysis of trade payables/bills payables presented based on the invoice date/issuance date at the end of each reporting period:

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Within 1 year	168,228	223,998
1-2 years	716	2,527
2-3 years	41	63
Over 3 years	122	135
	<u>169,107</u>	<u>226,723</u>

As at December 31, 2024 and September 30, 2025, the Group's bills payables were issued by banks with maturities within six months.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. SHARE CAPITAL

	Number of shares '000	Share capital RMB'000
Ordinary shares of RMB1 each		
Registered:		
At January 1, 2024 (audited) and December 31, 2024 (audited)	401,000	401,000
Increase on placement of A shares (<i>Note</i>)	11,874	11,874
At September 30, 2025 (unaudited)	412,874	412,874
Issued and fully paid:		
At January 1, 2024 (audited) and December 31, 2024 (audited)	401,000	401,000
Increase on placement of A shares (<i>Note</i>)	11,874	11,874
At September 30, 2025 (unaudited)	412,874	412,874

Note: In September 2025, the Company completed a placement of A shares upon which a total of 11,873,817 A shares were issued to several investors at a price of RMB317 per share for gross proceeds of RMB3,764,000,000. The net proceeds from the placement amounted to RMB3,731,054,000 after deducting the transaction costs amounted to RMB32,946,000.

18. RELATED PARTIES' TRANSACTIONS

Details of transactions between the Group and other related parties are disclosed below.

a) Transactions with related parties

As at December 31, 2024, Dr. Zhu Yi provided financial guarantees in respect of sale and leaseback payables of the Group amounted to RMB7,735,000. Such financial guarantees had been released upon repayment of the sale and leaseback payable in January 2025 and none of the related parties of the Group provided financial guarantees to the Group as at September 30, 2025.

b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the reporting period was as follows:

	Nine months ended September 30,	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries and allowance	7,895	4,294
Share-based payments	26,671	217
Retirement benefit	253	174
	34,819	4,685

Key management represents certain executive directors of the Company who are the senior management personnel of the Group. The remuneration of key management is determined with reference to the performance of the Group and of the individual.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19. CAPITAL COMMITMENTS

	As at September 30, 2025 RMB'000 (unaudited)	As at December 31, 2024 RMB'000 (audited)
Capital expenditure in respect of: the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the condensed consolidated financial statements	52,176	34,926

20. SHARE-BASED PAYMENTS

Equity-settled share option scheme of a subsidiary of the Company

Since 2014, SystImmune, a wholly-owned subsidiary of the Company in the U.S., entered into share option arrangements with certain eligible employees to recognize their contributions and to strive for the future development of the Group's overseas operations. The maximum number of share options of SystImmune that may be granted under the share option arrangements shall be 44,002,000 in aggregate at September 30, 2025 and December 31, 2024, respectively. The share options of SystImmune were awarded under three tranches: awards issued before September 2018 with a vesting period of five years ("Tranche 1"), awards issued after September 2018 with a vest period of six years ("Tranche 2") and awards issued after January 2024 with a vest period of four years ("Tranche 3"). Under Tranche 1, 20% and 20% of the share options shall vest and become exercisable on the first and second anniversaries of grant date, respectively; and at the third anniversary of grant date, the remaining 60% of the share options shall vest over the next 24 months and become exercisable at the end of each month. Under Tranche 2, 20% and 20% of the share options shall vest and become exercisable on the second and third anniversaries of grant date, respectively; and at the fourth anniversary of grant date, the remaining 60% of the share options shall vest over the next 24 months and become exercisable at the end of each month. Under Tranche 3, 15%, 25%, 25% and 35% of the share options shall vest and become exercisable on the first, second, third and fourth anniversaries of grant date, respectively. Should all of the share options outstanding at December 31, 2024 and September 30, 2025 were exercised by the eligible employees, the Company would hold 93.94% and 92.29% effective interest in SystImmune, respectively.

The following table discloses movements of the granted share options during each reporting period:

	Total
At January 1, 2024 (audited)	872,250
Granted during the period	12,193,465
Forfeited during the period	(177,000)
At September 30, 2024 (unaudited)	12,888,715
At January 1, 2025 (audited)	25,852,988
Granted during the period	698,200
Forfeited during the period	(405,000)
At September 30, 2025 (unaudited)	26,146,188

As at September 30, 2025, the weighted average exercise prices per share option for outstanding share options is USD0.61 (December 31, 2024: USD0.61).

As at September 30, 2025, the exercisable share options is 167,000 (December 31, 2024: 161,300) and the weighted average exercise price per share option is USD0.28 (December 31, 2024: USD0.28). No eligible employees exercised their exercisable share options during both periods.

The estimated fair value of the share options granted during the current reporting period is RMB4,143,000 (nine months ended September 30, 2024: RMB60,979,000), as determined based on certain batches of share options granted in 2024, as disclosed in Appendix IA to the prospectus.

Share options outstanding at September 30, 2025 had a weighted average remaining contractual life of 8.85 years (December 31, 2024: 9.66 years).

During the current reporting period, the Group recognized a total expense of RMB44,033,000 for the nine months ended September 30, 2025 (nine months ended September 30, 2024: RMB9,068,000) in the profit or loss against the share-based payments reserve of SystImmune, which is presented under non-controlling interests of the Group.

21. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	September 30, 2025	December 31, 2024		
	<i>RMB'000</i>	<i>RMB'000</i>		
	<i>(unaudited)</i>	<i>(audited)</i>		
Bills receivables at FVTOCI	Assets- RMB5,487,000	Assets- RMB20,118,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

APPENDIX IB CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	September 30, 2025	December 31, 2024		
	<i>RMB'000</i>	<i>RMB'000</i>		
	<i>(unaudited)</i>	<i>(audited)</i>		
Foreign currency forward contracts	Assets RMB1,300,000	nil	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Money market fund	Assets RMB71,278,000	nil	Level 2	Quoted value provided by financial institution.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of financial assets and financial liabilities at amortized cost recognized in the condensed consolidated statement of financial position approximate their fair values.

22. EVENTS AFTER REPORTING PERIOD

The Group has no significant event took place subsequent to September 30, 2025.