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## APPENDIX I

## ACCOUNTANTS’ REPORT

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### ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU NOVAKEN PHARM CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

#### Introduction

We report on the historical financial information of Guangzhou Novaken Pharm Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-108, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025 (the “**Relevant Periods**”), the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and 30 June 2025, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-108 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

#### Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and 2024 and 30 June 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

### Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2024 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review 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 Hong Kong 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. Based on our review,

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nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

**Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

**Dividends**

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

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*Certified Public Accountants*

Hong Kong

[Date]

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### I HISTORICAL FINANCIAL INFORMATION

#### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

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**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
REVENUE . . . . .	5	54,088	49,026	22,725	28,139
Cost of sales . . . . .		(35,120)	(32,511)	(15,083)	(20,350)
Gross profit . . . . .		18,968	16,515	7,642	7,789
Other income and gains . . . . .	5	4,177	3,700	1,810	2,171
Selling and distribution expenses . . . . .		(5,914)	(7,164)	(2,961)	(2,917)
Administrative expenses . . . . .		(17,507)	(15,199)	(7,318)	(11,353)
Research and development expenses . . . . .		(18,428)	(16,413)	(11,120)	(11,624)
Impairment losses on financial and contract assets, net . . . . .		(181)	(449)	(352)	(239)
Other expenses . . . . .	6	(7,262)	(4,237)	(950)	(2,519)
Finance costs . . . . .	8	(1,206)	(3,388)	(654)	(862)
Loss before change in fair value of financial liabilities on series shares . . . . .		(27,353)	(26,635)	(13,963)	(19,554)
Change in fair value of financial liabilities on series shares . . . . .		(36,311)	(120,449)	(28,251)	(1,258)
LOSS BEFORE TAX . . . . .	7	(63,664)	(147,084)	(42,154)	(20,812)
Income tax expense . . . . .	11	—	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD . . . . .		<u>(63,664)</u>	<u>(147,084)</u>	<u>(42,154)</u>	<u>(20,812)</u>
Attributable to:					
Owners of the parent . . . . .		(60,710)	(145,037)	(41,347)	(19,256)
Non-controlling interests . . . . .		(2,954)	(2,047)	(807)	(1,556)
		<u>(63,664)</u>	<u>(147,084)</u>	<u>(42,154)</u>	<u>(20,812)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted . . . . .					
For loss for the year/period . . . . .	13	<u>(4.75)</u>	<u>(10.93)</u>	<u>(3.24)</u>	<u>(1.28)</u>

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**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<i>Notes</i>	<b>As at 31 December</b>		<b>As at 30 June</b>
		<b>2023</b>	<b>2024</b>	<b>2025</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment . . . . .	14	25,953	24,683	27,021
Right-of-use assets . . . . .	15	13,053	21,119	19,348
Intangible assets . . . . .	16	3,470	2,314	2,254
Prepayments, other receivables and other assets . . . . .	17	1,341	1,600	2,087
Total non-current assets . . . . .		43,817	49,716	50,710
<b>CURRENT ASSETS</b>				
Inventories . . . . .	19	2,734	1,789	703
Trade receivables . . . . .	20	9,331	8,103	12,258
Contract assets . . . . .	21	2,200	8,472	11,321
Prepayments, other receivables and other assets . . . . .	17	3,084	4,176	4,878
Financial assets at fair value through profit or loss . . . . .	22	10,382	—	2,676
Restricted cash . . . . .	23	—	—	642
Cash and cash equivalents . . . . .	23	7,201	68,361	49,745
Total current assets . . . . .		34,932	90,901	82,223
<b>CURRENT LIABILITIES</b>				
Trade payables . . . . .	24	3,346	1,837	4,914
Contract liabilities . . . . .	28	13,214	13,223	15,249
Other payables and accruals . . . . .	25	24,974	32,732	30,319
Interest-bearing bank and other borrowings . . . . .	26	10,892	12,949	23,594
Financial liabilities on series shares . . . . .	29	134,860	335,309	336,567
Lease liabilities . . . . .	15	1,858	3,419	3,877
Total current liabilities . . . . .		189,144	399,469	414,520
NET CURRENT LIABILITIES . . . . .		(154,212)	(308,568)	(332,297)
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .		(110,395)	(258,852)	(281,587)
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank and other borrowings . . . . .	26	8,371	—	—
Lease liabilities . . . . .	15	13,698	19,423	18,127
Deferred income . . . . .	27	3,618	4,891	4,264
Total non-current liabilities . . . . .		25,687	24,314	22,391
Net liabilities . . . . .		(136,082)	(283,166)	(303,978)
<b>EQUITY</b>				

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	<i>Notes</i>	<u>As at 31 December</u>		<u>As at 30 June</u>
		<b>2023</b>	<b>2024</b>	<b>2025</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Equity attributable to owners of the parent</b>				
Paid-in capital. . . . .	30	12,781	15,088	15,088
Deficits. . . . .	31	(148,856)	(296,200)	(315,456)
		(136,075)	(281,112)	(300,368)
Non-controlling interests . . . . .		(7)	(2,054)	(3,610)
Total equity . . . . .		<u>(136,082)</u>	<u>(283,166)</u>	<u>(303,978)</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based		Accumulated losses	Total	Non-controlling interests	Total equity
			payment	Other reserve				
			reserve					
RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000	
At 1 January 2023 . . . . .	12,781	50,997	2,913	(55,784)	(86,272)	(75,365)	2,947	(72,418)
Loss for the year . . . . .	—	—	—	—	(60,710)	(60,710)	(2,954)	(63,664)
Total comprehensive loss for the year . . . . .	—	—	—	—	(60,710)	(60,710)	(2,954)	(63,664)
At 31 December 2023 . . . . .	12,781	50,997*	2,913*	(55,784)*	(146,982)*	(136,075)	(7)	(136,082)

Year ended 31 December 2024

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based		Accumulated losses	Total	Non-controlling interests	Total equity
			payment	Other reserve				
			reserve					
RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000	
At 1 January 2024 . . . . .	12,781	50,997	2,913	(55,784)	(146,982)	(136,075)	(7)	(136,082)
Loss for the year . . . . .	—	—	—	—	(145,037)	(145,037)	(2,047)	(147,084)
Total comprehensive loss for the year . . . . .	—	—	—	—	(145,037)	(145,037)	(2,047)	(147,084)
Issue of series shares . . . . .	2,307	77,693	—	—	—	80,000	—	80,000
Recognition of financial liabilities on series shares . . . . .	—	—	—	(80,000)	—	(80,000)	—	(80,000)
At 31 December 2024 . . . . .	15,088	128,690*	2,913*	(135,784)*	(292,019)*	(281,112)	(2,054)	(283,166)

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**Six months ended 30 June 2025**

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based		Accumulated losses	Total	Non-controlling interests	Total equity
			payment	Other reserve				
			reserve					
RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000	
At 1 January 2025 . . . . .	15,088	128,690	2,913	(135,784)	(292,019)	(281,112)	(2,054)	(283,166)
Loss for the period . . . . .	—	—	—	—	(19,256)	(19,256)	(1,556)	(20,812)
Total comprehensive loss for the period . . . . .	—	—	—	—	(19,256)	(19,256)	(1,556)	(20,812)
At 30 June 2025 . . . . .	15,088	128,690*	2,913*	(135,784)*	(311,275)*	(300,368)	(3,610)	(303,978)

\* These reserve accounts comprise the consolidated deficits of RMB148,856,000, RMB296,200,000 and RMB315,456,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 30 June 2025, respectively.

**Six months ended 30 June 2024 (Unaudited)**

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based		Accumulated losses	Total	Non-controlling interests	Total equity
			payment	Other reserve				
			reserve					
RMB'000 (Note 30)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000 (Note 31)	RMB'000	RMB'000	RMB'000	
At 1 January 2024 . . . . .	12,781	50,997	2,913	(55,784)	(146,982)	(136,075)	(7)	(136,082)
Loss for the period . . . . .	—	—	—	—	(41,347)	(41,347)	(807)	(42,154)
Total comprehensive loss for the period . . . . .	—	—	—	—	(41,347)	(41,347)	(807)	(42,154)
At 30 June 2024 . . . . .	12,781	50,997	2,913	(55,784)	(188,329)	(177,422)	(814)	(178,236)

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**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Loss before tax . . . . .		(63,664)	(147,084)	(42,154)	(20,812)
Adjustments for:					
Finance costs . . . . .	8	1,206	3,388	654	862
Bank interest income . . . . .	5	(32)	(26)	(5)	(37)
Investment income on financial assets at fair value through profit or loss . . . . .	5	(66)	(22)	(22)	—
Fair value gains on financial assets at fair value through profit or loss . . . . .	5	(11)	—	—	(17)
Fair value loss on financial liabilities on series shares . . . . .		36,311	120,449	28,251	1,258
Foreign exchange difference, net . . . . .	5&6	19	(60)	(75)	15
Impairment losses on financial assets, net . . . . .	7	184	319	343	216
Write-down of inventories to net realisable value . . . . .	7	1,119	557	120	1,151
Impairment losses on contract assets . . . . .		(3)	129	8	23
Impairment of intangible assets . . . . .	16	3,910	664	382	—
Depreciation of property, plant and equipment . . . . .	14	4,506	4,708	2,358	2,360
Depreciation of right-of-use assets . . . . .	15	2,122	2,308	1,147	1,771
Amortisation of intangible assets . . . . .	16	919	516	263	210
		(13,480)	(14,154)	(8,730)	(13,000)
Decrease/(increase) in inventories . . . . .		(269)	388	(798)	(65)
Decrease/(increase) in prepayments, other receivables and other assets . . . . .		(1,649)	(1,375)	363	(1,176)
Increase in trade receivables and contract assets . . . . .		(4,917)	(5,427)	(1,408)	(7,245)
Increase/(decrease) in trade payables . . . . .		498	(1,509)	1,176	3,076
Increase/(decrease) in contract liabilities . . . . .		(1,713)	10	(725)	2,026
Increase/(decrease) in deferred income . . . . .		487	1,273	(897)	(627)
Increase/(decrease) in other payables and accruals . . . . .		(202)	5,478	781	(1,122)
Increase in restricted cash . . . . .		—	—	—	(642)
Cash used in operations . . . . .		(21,245)	(15,316)	(10,238)	(18,775)
Interest received . . . . .		32	26	5	37
Net cash flows used in operating activities . . . . .		(21,213)	(15,290)	(10,233)	(18,738)

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	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income from financial assets at fair value through profit or loss . . . . .		66	22	22	—
Purchase of financial assets at fair value through profit or loss . . . . .		(48,371)	—	—	(2,658)
Purchases of items of property, plant and equipment . . . . .		(3,956)	(3,140)	(936)	(5,603)
Purchases of intangible assets . . . . .		(489)	(24)	—	(150)
Proceeds upon maturity of financial assets at fair value through profit or loss . . . . .		38,000	10,382	10,382	—
Net cash flows (used in)/generated from investing activities . . . . .		(14,750)	7,240	9,468	(8,411)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New bank and other borrowings . . . . .		16,000	5,000	—	22,500
Repayment of bank and other borrowings. Principal and interest paid for lease liabilities . . . . .		(6,040)	(11,603)	(440)	(11,862)
Proceeds from issue of series shares . . . . .		—	80,000	—	—
Share issue expenses paid . . . . .		—	—	—	(400)
Interest paid . . . . .		(433)	(374)	(311)	(389)
Net cash flows generated from/(used in) financing activities . . . . .		7,087	69,210	(2,082)	8,545
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS . . . . .</b>					
Cash and cash equivalents at beginning of year/period . . . . .		36,077	7,201	7,201	68,361
Effect of foreign exchange rate changes, net . . . . .		—	—	—	(12)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD . . . . .</b>	23	<b>7,201</b>	<b>68,361</b>	<b>4,354</b>	<b>49,745</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>					
Cash and cash equivalents as stated in the consolidated statements of financial position . . . . .	23	7,201	68,361	4,354	49,745
Cash and cash equivalents as stated in the consolidated statements of cash flows . . . . .		7,201	68,361	4,354	49,745

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**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

	Notes	As at 31 December		As at 30 June
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment . . . . .	14	19,746	18,759	17,184
Right-of-use assets . . . . .	15	9,508	8,007	7,256
Intangible assets . . . . .	16	3,467	2,314	2,254
Prepayments, other receivables and other assets . . . . .	17	505	483	483
Investment in subsidiaries . . . . .	18	2,000	62,000	62,000
Total non-current assets . . . . .		<u>35,226</u>	<u>91,563</u>	<u>89,177</u>
<b>CURRENT ASSETS</b>				
Inventories . . . . .	19	887	675	703
Trade receivables . . . . .	20	9,331	8,103	12,258
Contract assets . . . . .	21	2,200	8,472	11,321
Prepayments, other receivables and other assets . . . . .	17	18,065	23,591	27,476
Financial assets at fair value through profit or loss . . . . .	22	10,382	—	2,676
Restricted cash . . . . .	23	—	—	637
Cash and cash equivalents . . . . .	23	6,950	11,994	5,065
Total current assets . . . . .		<u>47,815</u>	<u>52,835</u>	<u>60,136</u>
<b>CURRENT LIABILITIES</b>				
Trade payables . . . . .	24	2,487	1,313	4,713
Contract liabilities . . . . .	28	12,714	12,807	14,911
Other payables and accruals . . . . .	25	24,831	31,850	34,766
Interest-bearing bank and other borrowings . . . . .	26	10,892	12,949	23,594
Financial liabilities on series shares . . . . .	29	134,860	335,309	336,567
Lease liabilities . . . . .	15	1,330	1,450	1,858
Total current liabilities . . . . .		<u>187,114</u>	<u>395,678</u>	<u>416,409</u>
NET CURRENT LIABILITIES . . . . .		<u>(139,299)</u>	<u>(342,843)</u>	<u>(356,273)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .		<u>(104,073)</u>	<u>(251,280)</u>	<u>(267,096)</u>
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank and other borrowings . . . . .	26	8,371	—	—
Lease liabilities . . . . .	15	9,803	8,353	7,229
Deferred income . . . . .	27	2,860	4,161	3,548
Total non-current liabilities . . . . .		<u>21,034</u>	<u>12,514</u>	<u>10,777</u>
Net liabilities . . . . .		<u>(125,107)</u>	<u>(263,794)</u>	<u>(277,873)</u>

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	<i>Notes</i>	<b>As at 31 December</b>		<b>As at 30 June</b>
		<b>2023</b>	<b>2024</b>	<b>2025</b>
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>EQUITY</b>				
<b>Equity attributable to owners of the parent</b>				
Paid-in capital . . . . .	30	12,781	15,088	15,088
Deficits . . . . .	31	(137,888)	(278,882)	(292,961)
Total equity . . . . .		(125,107)	(263,794)	(277,873)

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### II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

#### 1. CORPORATE INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) as a limited liability company on 14 November 2007 and converted into a joint stock company with limited liability on 26 November 2025. The registered office address of the Company is 1001, No. 245 Kexue Dadao, Huangpu District, Guangzhou Province, PRC.

During the Relevant Periods and in the period covered by the Interim Comparative Financial Information, the Company and its subsidiaries are principally engaged in pharmaceutical research and development.

In the opinion of the directors, Dr. Wu Chuanbin, Dr. Pan Xin, Guangzhou Shanji Investment Consulting Partnership (Limited Partnership), Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise (Limited Partnership), Guangzhou Deji Investment Consulting Partnership (Limited Partnership), Guangzhou Minji Investment Consulting Co., Ltd. and Guangzhou Baiji Biopharmaceutical Investment Enterprise (Limited Partnership) are collectively considered as the controlling shareholders of the Company.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Registered capital	Percentage of equity attributable to the		Principal activities
				Company		
				Direct	Indirect	
Jiangsu Hyken Pharm Co., Ltd.* 江蘇恒濟醫藥有限公司	(a)	PRC/Chinese Mainland 24 July 2024	RMB60,000,000	100%		Pharmaceutical production, R&D and sales and marketing of pharmaceutical products
Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd.* 廣州新濟 生物醫藥研究院有限公司	(b)	PRC/Chinese Mainland 13 September 2020	RMB12,000,000	100%		Pharmaceutical R&D and technology transfer of results

\* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company (the “Directors”) to translate the Chinese names as these companies have not been registered with any official English names.

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- (a) The statutory financial statements of the entity for the period from the incorporation date to 31 December 2024, prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions (“**PRC GAAP**”) issued by the Ministry of Finance, were audited by WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
  
- (b) The statutory financial statements of the entity for the years ended 31 December 2023 and 2024, prepared in accordance with PRC GAAP issued by the Ministry of Finance, were audited by WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

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### 2.1 BASIS OF PREPARATION

The Historical Financial Information of the Company and its subsidiaries (collectively referred to as the “**Group**”) has been prepared in accordance with IFRS Accounting Standards (“**IFRS**”), which comprise all standards and interpretations approved by the International Accounting Standards Board (“**IASB**”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

#### **Basis of consolidation**

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods and the period covered by the Interim Comparative Financial Information. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### **Going concern basis**

The Group incurred accumulated losses and recorded net current liabilities and net liabilities of RMB332,297,000 and RMB303,978,000 as at 30 June 2025, which mainly included financial liabilities on series shares of RMB336,567,000 being classified as current liabilities. The directors of the Company do not expect that the financial liabilities on series shares would be redeemed within the next twelve months from 30 June 2025 as the redemption rights were terminated on 25 November 2025. The directors of the Company have considered the additional financial resources available to the Group, the internally generated funds from operations and the ability in adjusting the pace of the R&D projects and capital investments at management’s discretion and are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 30 June 2025.

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### 2.2 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>2</sup>
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7</i> <sup>2</sup>

<sup>1</sup> No mandatory effective date yet determined but available for adoption

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group has expected that these standards will have an impact on the presentation and disclosure of the Group’s financial statements but will not have a significant impact on the Group’s results of operations and financial position.

### 2.3 MATERIAL ACCOUNTING POLICIES

#### Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant that would use the asset at its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### **Impairment of non-financial assets**

Where an indication of impairment exists, or when annual impairment testing for non-financial assets is required (other than inventories), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

### **Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

**Property, plant and equipment and depreciation**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements . . . . .	Shorter of remaining lease terms and estimated useful lives
Plant and machinery . . . . .	9.5% to 20.0%
Office equipment and furniture . . . . .	19.0% to 33.3%
Motor vehicles . . . . .	11.9% to 25.0%
Other equipment . . . . .	19.0% to 33.3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each reporting period end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

**Intangible assets (other than goodwill)**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting period end.

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### *Licenses*

Purchased license is stated at cost less any impairment losses and is amortised on the straight-line basis over the amortisation period, which is determined on the shorter of its remaining validity period and its estimated useful life of 10 years.

### *Software*

Purchased office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 1–3 years.

### *Patents*

Purchased patent is stated at cost less any impairment losses and is amortised on the straight-line basis over the amortisation period, which is determined on its remaining validity period.

### *Research and development costs*

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

### **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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*(a) Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant and buildings ..... 2 to 10 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

*(b) Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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### *(c) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

### **Investments and other financial assets**

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for “Revenue recognition” below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“**SPPI**”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a

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business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### **Impairment of financial assets**

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

### ***General approach***

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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The Group considers a financial asset in default when contractual payments are 1 year past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group’s credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

### *Simplified approach*

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **Classification as equity and financial liabilities**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

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A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

### **Financial liabilities**

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, and financial liabilities on series shares.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### *Financial liabilities at amortised cost*

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

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### *Financial liabilities at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include financial liabilities on series shares which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss.

### **Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either

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the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

### **Revenue recognition**

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### *(a) Research and development services (“CRO services”)*

CRO stands for Contract Research Organization, entities focused on providing research and development services to companies in the pharmaceutical and agrochemical markets. The CRO service agreements may contain multiple services which are separate performance obligations because the promises to transfer each service is capable of being distinct and separately identifiable. Accordingly, the Group develops assumptions that require judgement to determine the stand-alone selling price for each performance obligation identified. In developing the stand-alone

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selling price for a performance obligation, the Group uses expected cost plus margin approach and considers all information that is reasonably available, including but not limited to, costs incurred to provide the service and related profit margins.

Revenue from CRO services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services. If the Group expects to recover the costs incurred in satisfying the performance obligation, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

*(b) Sale of drugs for MAH business*

Revenue is generated by the Company, acting as the Marketing Authorization Holder (MAH), through the sale of licensed drugs to distributors. Revenue from the sale of drugs is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery and acceptance of the goods by the customers.

### **Other income**

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### **Contract assets**

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

### **Contract costs**

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

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- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

**Contract liabilities**

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Employee benefits*****Pension scheme***

The employees of the Group’s subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

***Housing fund and other social insurances — Chinese Mainland***

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

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### *Termination benefits*

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

### **Borrowing costs**

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **Events after the reporting period**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

### **Foreign currencies**

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

**Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Historical Financial Information.

*Judgments in determining the performance obligations in CRO services*

A performance obligation represents a good and service that is distinct or a series of distinct goods or services that are substantially the same. In CRO service contracts, the Group is required to fulfill multiple promised services. Each service is separately identifiable in the contract and the Group is not providing a significant integration service because the Group would be able to fulfill its promise by transferring each of the services independently. In addition, each of the services is not highly interdependent or highly interrelated, because the delivery of one service is not dependent on the other services to be provided in the future. Therefore, the directors of the Company concluded those services are multiple performance obligations.

*Research and development expenses*

All research costs are charged to profit or loss as incurred. Expenses incurred on each pipeline to develop new products are capitalized and deferred in accordance with the accounting policy for research and development expenses in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalized or expensed requires management to make assumptions and judgements. In the opinion of management, during the Relevant Periods the criteria for capitalization of development costs were not met and development expenditure were expensed.

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### **Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

#### *Useful lives of intangible assets*

The Group’s finite life intangible assets primarily represent patent. These intangible assets are amortized on a straight-line basis over their useful economic lives, which are estimated to be the shorter of their remaining validity period and their estimated useful lives. Additional amortization is recognized if the estimated useful lives are different from the previous estimation. Useful lives are reviewed at the end of each of the Relevant Periods based on changes in circumstances.

#### *Impairment of non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present values of those cash flows.

#### *Leases — Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the

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lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

### *Net realizable value of inventories*

Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs and prices change when the products' expiration date is approaching. Management reassesses these estimates at the end of the reporting period.

### *Recognition of income taxes and deferred tax assets*

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 11 to the Historical Financial Information.

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**4. OPERATING SEGMENT INFORMATION**

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment, therefore, no operating segment information is presented.

**Geographical information**

*(a) Revenue from external customers*

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
Overseas . . . . .	2,688	2,031	—	7,774
Chinese Mainland . . . . .	51,400	46,995	22,725	20,365
Revenue from contracts with customers. . . . .	<u>54,088</u>	<u>49,026</u>	<u>22,725</u>	<u>28,139</u>

The revenue information above is based on the locations of headquarters of the Group’s customers.

*(b) Non-current assets*

During the Relevant Periods, all of the Group’s non-current assets were located in Chinese Mainland.

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**Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group’s revenue during the Relevant Periods and six months ended 30 June 2024 is set out below:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	
Customer A . . . . .	8,003	*	*	*
Customer B . . . . .	*	7,809	4,450	*
Customer C . . . . .	*	*	*	7,774
Customer D . . . . .	6,274	*	*	*
Customer E . . . . .	5,426	*	*	*

\* The revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the corresponding period.

**5. REVENUE, OTHER INCOME AND GAINS**

An analysis of revenue is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	
Revenue from contracts with customers . . . . .	54,088	49,026	22,725	28,139

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**Revenue from contracts with customers**

*(i) Disaggregated revenue information*

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
<b>Types of goods or services</b>				
Sale of drugs for MAH business . . . . .	6,878	2,678	647	7,774
CRO services . . . . .	47,210	46,348	22,078	20,365
Total revenue from contracts with customers. . . . .	<u>54,088</u>	<u>49,026</u>	<u>22,725</u>	<u>28,139</u>
<b>Timing of revenue recognition</b>				
Goods transferred at the point in time . . . . .	6,878	2,678	647	7,774
Services transferred over time . . . . .	47,210	46,348	22,078	20,365
Total revenue from contracts with customers. . . . .	<u>54,088</u>	<u>49,026</u>	<u>22,725</u>	<u>28,139</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Sale of drugs for MAH business . . . . .	—	73	73	—
CRO services . . . . .	6,482	8,284	4,339	5,353
	<u>6,482</u>	<u>8,357</u>	<u>4,412</u>	<u>5,353</u>

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*(ii) Performance obligations*

Information about the Group’s performance obligations is summarised below:

*Sale of drugs for MAH business*

The performance obligation is satisfied upon delivery of the goods and acceptance by the customers. The credit term is generally 30 days.

*CRO services*

The CRO services agreements may include multiple phased services. In general, the consideration allocated to each performance obligation is recognised over time. The Group is eligible to receive milestone payments in accordance with service agreements.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Amounts expected to be recognised as revenue:			
— Sale of drugs for MAH business			
Within one year . . . . .	73	—	—
CRO services			
Within one year . . . . .	8,284	9,052	11,691
After one year . . . . .	4,357	3,755	3,220
Total . . . . .	12,714	12,807	14,911

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The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year are related to the CRO services, of which the performance obligations are estimated to be satisfied within two years. The amounts disclosed above do not include variable consideration which is constrained.

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
<b>Other income</b>				
Investment income on financial assets at fair value through profit or loss . . . . .	66	22	22	—
Bank interest Income . . . . .	32	26	5	37
Sales of medical aesthetic products . . . . .	1,642	1,831	74	197
Government grants* . . . . .	2,420	1,761	1,634	1,920
— Related to assets . . . . .	182	216	108	108
— Related to income . . . . .	2,238	1,545	1,526	1,812
Others. . . . .	6	—	—	—
<b>Total other income . . . . .</b>	<b>4,166</b>	<b>3,640</b>	<b>1,735</b>	<b>2,154</b>
<b>Gains</b>				
Fair value gains on financial assets at fair value through profit or loss . . . . .	11	—	—	17
Foreign exchange gains, net . . . . .	—	60	75	—
<b>Total gains. . . . .</b>	<b>11</b>	<b>60</b>	<b>75</b>	<b>17</b>
<b>Total other income and gains . . . . .</b>	<b>4,177</b>	<b>3,700</b>	<b>1,810</b>	<b>2,171</b>

\* The government grants mainly represented amounts received from the local governments to compensate for expenses spent on research and clinical trials and reward the development of new drugs.

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**6. OTHER EXPENSES**

	<b>Year ended 31 December</b>		<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
Write-down of inventories to net realisable value . . . . .	1,054	462	49	1,292
Impairment of intangible assets (note 16) . . . . .	3,910	664	382	—
Foreign exchange losses, net . . . . .	19	—	—	15
Cost of medical aesthetic products . . .	2,224	2,851	519	912
Donations . . . . .	—	—	—	300
Others . . . . .	55	260	—	—
<b>Total . . . . .</b>	<b>7,262</b>	<b>4,237</b>	<b>950</b>	<b>2,519</b>

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**7. LOSS BEFORE TAX**

The Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Cost of services provided . . . . .		29,481	30,048	14,468	13,345
Cost of inventories sold* . . . . .		5,639	2,463	615	7,005
Research and development costs . . . . .		18,428	16,413	11,120	11,624
Depreciation of property, plant and equipment** . . . . .	14	4,506	4,708	2,358	2,360
Depreciation of right-of-use assets** . . . . .	15	2,122	2,308	1,147	1,771
Amortisation of intangible assets** . . . . .	16	919	516	263	210
Write-down of inventories to net realisable value* . . . . .		1,119	557	120	1,151
Impairment losses/(reversal of impairment) of trade receivables . . . . .	20	39	314	339	214
Impairment losses of other receivables . . . . .	17	145	5	4	2
Impairment of contract assets . . . . .	21	(3)	129	8	23
Impairment of intangible assets . . . . .	16	3,910	664	382	—
Lease payments not included in the measurement of lease liabilities . . . . .	15	462	323	194	97
Auditor’s remuneration . . . . .		22	24	12	12
Investment income from financial assets at fair value through profit or loss . . . . .	5	(66)	(22)	(22)	—
Fair value gains on financial assets at fair value through profit or loss . . . . .	5	(11)	—	—	(17)
Bank interest income . . . . .	5	(32)	(26)	(5)	(37)
Government grants . . . . .	5	(2,420)	(1,761)	(1,634)	(1,920)
Foreign exchange differences, net*** . . . . .		19	(60)	(75)	15
Employee benefit expenses (including directors’, supervisors’ and chief executive’s remuneration (note 9)):					
— Wages and salaries . . . . .		36,042	32,133	18,209	17,665
— Pension scheme contributions . . . . .		8,106	5,760	918	1,037
<b>Total . . . . .</b>		<b>44,148</b>	<b>37,893</b>	<b>19,127</b>	<b>18,702</b>

\* Write-down of inventories to net realisable value is included in “Cost of sales” and “Other expenses” in profit and loss.

\*\* The depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

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\*\*\* The amounts are included in “Other income and gains” and “Other expenses” in profit or loss.

**8. FINANCE COSTS**

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Interest on bank and other borrowings . . . . .	456	663	308	396
Interest on lease liabilities ( <i>note 15</i> ) . . . . .	750	725	346	466
Other finance costs . . . . .	—	2,000	—	—
<b>Total . . . . .</b>	<b>1,206</b>	<b>3,388</b>	<b>654</b>	<b>862</b>

**9. DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE’S REMUNERATION**

Directors’, supervisors’ and chief executive’s remuneration for the Relevant Periods and six months ended 30 June 2024 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Fees . . . . .	—	—	—	—
Other emoluments:				
Salaries, allowances and benefits in kind . . . . .	579	587	277	1,153
Performance related bonuses . . . . .	1,208	1,241	621	76
Pension scheme contributions . . . . .	8	10	5	5
<b>Total . . . . .</b>	<b>1,795</b>	<b>1,838</b>	<b>903</b>	<b>1,234</b>

**(a) Independent non-executive directors**

There were no fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024.

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Dr. Cheng Guohua, Dr. Zuo Zhong and Mr. Liu Wenhong were appointed as independent non-executive directors on 12 November 2025.

**(b) Directors, supervisors, and the chief executive**

**Year ended 31 December 2023**

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors and chief executive:					
Dr. Wu Chuanbin (i) . . . . .	—	392	1,208	—	1,600
Ms. Jia Lu (ii) . . . . .	—	187	—	8	195
Mr. Li Jie (iii) . . . . .	—	—	—	—	—
Total . . . . .	—	579	1,208	8	1,795

**Year ended 31 December 2024**

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors and chief executive:					
Dr. Wu Chuanbin (i) . . . . .	—	380	1,220	—	1,600
Ms. Jia Lu (ii) . . . . .	—	177	21	10	208
Mr. Li Jie (iii) . . . . .	—	—	—	—	—
Mr. Yu Kepeng (iv) . . . . .	—	—	—	—	—
Dr. Pan Xin (v) . . . . .	—	30	—	—	30
Total . . . . .	—	587	1,241	10	1,838

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**ACCOUNTANTS’ REPORT**

**Six months ended 30 June 2025**

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors and chief executive:					
Dr. Wu Chuanbin (i) . . . . .	—	1,000	64	—	1,064
Ms. Jia Lu (ii) . . . . .	—	138	12	5	155
Mr. Li Jie (iii) . . . . .	—	—	—	—	—
Mr. Yu Kepeng (iv) . . . . .	—	—	—	—	—
Dr. Pan Xin (v) . . . . .	—	15	—	—	15
Total . . . . .	—	1,153	76	5	1,234

**Six months ended 30 June 2024 (unaudited)**

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors and chief executive:					
Dr. Wu Chuanbin (i) . . . . .	—	190	610	—	800
Ms. Jia Lu (ii) . . . . .	—	87	11	5	103
Mr. Li Jie (iii) . . . . .	—	—	—	—	—
Total . . . . .	—	277	621	5	903

*Notes:*

- (i) Dr. Wu Chuanbin was appointed as the executive director in November 2009.
- (ii) Ms. Jia Lu was appointed as the executive director in December 2021.
- (iii) Mr. Li Jie was appointed as the non-executive director in December 2021.
- (iv) Mr. Yu Kepeng was appointed as the non-executive director in October 2024.
- (v) Dr. Pan Xin was appointed as the non-executive director in October 2024.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2024.

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**10. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2024, include one, one, one and one director respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining four, four, four and four highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2024 are as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
Salaries, allowances and benefits in kind . . . . .	1,937	2,053	1,025	1,235
Performance related bonuses . . . . .	322	843	344	342
Pension scheme contributions . . . . .	33	38	18	21
Total . . . . .	<u>2,292</u>	<u>2,934</u>	<u>1,387</u>	<u>1,598</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
HKD1 to HKD500,000 . . . . .	—	—	4	3
HKD500,001 to HKD1,000,000 . . . . .	4	3	—	1
HKD1,000,001 to HKD1,500,001 . . . . .	—	1	—	—
Total . . . . .	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

**11. INCOME TAX**

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

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The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the assessable profits, in accordance with the PRC Income Tax Law and the respective regulations which were approved and became effective on 1 January 2008 except for as described below:

- 1) Guangzhou Novaken Pharm Co., Ltd., Guangzhou Micnano Biotech Co., Ltd. and Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd were qualified as High and New Technology Enterprises and were subject to a preferential income tax rate of 15% during the Relevant Periods and six months ended 30 June 2024;
- 2) Huana Biopharm (Guangzhou) Co., Ltd. was qualified as Small Low-profit Enterprises and was subject to a preferential income tax rate of 20% during the Relevant Periods and six months ended 30 June 2024.

A reconciliation of the tax expense applicable to loss before tax at the applicable rate for the jurisdiction in which the Group’s major operating activities are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	
Loss before tax . . . . .	(63,664)	(147,084)	(42,154)	(20,812)
Tax at the applicable tax rate (15%) . .	(9,550)	(22,063)	(6,323)	(3,122)
Effect of different tax rates enacted by local authorities . . . . .	(51)	(135)	(2)	(260)
Effect of research and development expenses that are additionally deducted* . . . . .	(2,588)	(2,224)	(1,456)	(1,643)
Expenses not deductible for tax. . . . .	5,615	18,248	4,305	431
Effect of deductible temporary difference not recognised. . . . .	879	141	—	252
Tax losses not recognised . . . . .	5,695	6,033	3,476	4,342
Tax charge at the Group’s effective rate . . . . .	—	—	—	—

\* The amounts mainly represent an additional 100% tax deduction on eligible research and development expenses incurred by certain PRC subsidiaries during the Relevant Periods and six months ended 30 June 2024.

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Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deductible temporary difference . . . . .	5,885	7,488	8,493
Tax losses . . . . .	50,948	88,987	117,139

The Group has accumulated tax losses in Chinese Mainland, that will expire in one to ten years for offsetting against future taxable profits of the companies located in Chinese Mainland in which the tax losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and its subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilized.

**12. DIVIDENDS**

No dividend has been paid or declared by the Company during the Relevant Periods and six months ended 30 June 2024.

**13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic loss per share amounts is based on the loss for the year/period attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Periods and six months ended 30 June 2024. The weighted average numbers of ordinary shares in issue for the Relevant Periods and the six months ended 30 June 2024 before the conversion of the Company into a joint stock company were determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon conversion of the Company into a joint stock company on 26 November 2025.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2024 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

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The calculation of basic loss per share is based on:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
			<i>(Unaudited)</i>	
Loss				
Loss attributable to ordinary equity holders of the parent (RMB’000) . . . . .	(60,710)	(145,037)	(41,347)	(19,256)
Shares				
Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation (’000) . . . . .	12,781	13,264	12,781	15,088

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**ACCOUNTANTS’ REPORT**

**14. PROPERTY, PLANT AND EQUIPMENT**

**The Group**

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2023</b>							
At 1 January 2023:							
Cost . . . . .	10,237	976	23,258	1,665	1,379	79	37,594
Accumulated depreciation and impairment . . . . .	(1,326)	(246)	(9,236)	(1,144)	(827)	—	(12,779)
Net carrying amount . . . . .	<u>8,911</u>	<u>730</u>	<u>14,022</u>	<u>521</u>	<u>552</u>	<u>79</u>	<u>24,815</u>
At 1 January 2023, net of							
accumulated depreciation . . . . .	8,911	730	14,022	521	552	79	24,815
Additions . . . . .	564	194	4,342	—	99	445	5,644
Transfers . . . . .	236	—	—	—	—	(236)	—
Depreciation provided during the year . . . . .	(1,785)	(283)	(2,016)	(141)	(281)	—	(4,506)
At 31 December 2023, net of							
accumulated depreciation and impairment . . . . .	<u>7,926</u>	<u>641</u>	<u>16,348</u>	<u>380</u>	<u>370</u>	<u>288</u>	<u>25,953</u>
At 31 December 2023:							
Cost . . . . .	11,037	1,170	27,600	1,665	1,478	288	43,238
Accumulated depreciation and impairment . . . . .	(3,111)	(529)	(11,252)	(1,285)	(1,108)	—	(17,285)
Net carrying amount . . . . .	<u>7,926</u>	<u>641</u>	<u>16,348</u>	<u>380</u>	<u>370</u>	<u>288</u>	<u>25,953</u>

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**The Group**

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2024</b>							
At 1 January 2024:							
Cost . . . . .	11,037	1,170	27,600	1,665	1,478	288	43,238
Accumulated depreciation and impairment . . . . .	(3,111)	(529)	(11,252)	(1,285)	(1,108)	—	(17,285)
Net carrying amount . . . . .	<u>7,926</u>	<u>641</u>	<u>16,348</u>	<u>380</u>	<u>370</u>	<u>288</u>	<u>25,953</u>
At 1 January 2024, net of							
accumulated depreciation . . . . .	7,926	641	16,348	380	370	288	25,953
Additions . . . . .	—	—	2,075	233	25	1,105	3,438
Transfers . . . . .	—	—	575	—	—	(575)	—
Depreciation provided during the year . . . . .	(1,776)	(295)	(2,335)	(119)	(183)	—	(4,708)
At 31 December 2024, net of							
accumulated depreciation and impairment . . . . .	<u>6,150</u>	<u>346</u>	<u>16,663</u>	<u>494</u>	<u>212</u>	<u>818</u>	<u>24,683</u>
At 31 December 2024:							
Cost . . . . .	11,037	1,170	30,250	1,898	1,503	818	46,676
Accumulated depreciation and impairment . . . . .	(4,887)	(824)	(13,587)	(1,404)	(1,291)	—	(21,993)
Net carrying amount . . . . .	<u>6,150</u>	<u>346</u>	<u>16,663</u>	<u>494</u>	<u>212</u>	<u>818</u>	<u>24,683</u>

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**The Group**

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>30 June 2025</b>							
At 1 January 2025:							
Cost . . . . .	11,037	1,170	30,250	1,898	1,503	818	46,676
Accumulated depreciation and impairment . . . . .	(4,887)	(824)	(13,587)	(1,404)	(1,291)	—	(21,993)
Net carrying amount . . . . .	<u>6,150</u>	<u>346</u>	<u>16,663</u>	<u>494</u>	<u>212</u>	<u>818</u>	<u>24,683</u>
At 1 January 2025, net of							
accumulated depreciation . . . . .	6,150	346	16,663	494	212	818	24,683
Additions . . . . .	—	1	990	—	39	3,668	4,698
Transfers . . . . .	1,895	—	387	—	114	(2,396)	—
Depreciation provided during the period . . . . .	(808)	(136)	(1,254)	(84)	(78)	—	(2,360)
At 30 June 2025, net of							
accumulated depreciation and impairment . . . . .	<u>7,237</u>	<u>211</u>	<u>16,786</u>	<u>410</u>	<u>287</u>	<u>2,090</u>	<u>27,021</u>
At 30 June 2025:							
Cost . . . . .	12,932	1,171	31,627	1,898	1,656	2,090	51,374
Accumulated depreciation and impairment . . . . .	(5,695)	(960)	(14,841)	(1,488)	(1,369)	—	(24,353)
Net carrying amount . . . . .	<u>7,237</u>	<u>211</u>	<u>16,786</u>	<u>410</u>	<u>287</u>	<u>2,090</u>	<u>27,021</u>

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**The Company**

	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other Equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2023</b>							
At 1 January 2023:							
Cost. . . . .	6,422	631	17,830	1,665	1,297	79	27,924
Accumulated depreciation and impairment. . . . .	(951)	(94)	(6,688)	(1,144)	(806)	—	(9,683)
Net carrying amount . . . . .	<u>5,471</u>	<u>537</u>	<u>11,142</u>	<u>521</u>	<u>491</u>	<u>79</u>	<u>18,241</u>
At 1 January 2023, net of							
accumulated depreciation . . . . .	5,471	537	11,142	521	491	79	18,241
Additions . . . . .	487	189	3,530	—	79	445	4,730
Transfers . . . . .	236	—	—	—	—	(236)	—
Depreciation provided during the year . . . . .	(1,076)	(234)	(1,503)	(141)	(271)	—	(3,225)
At 31 December 2023, net of							
accumulated depreciation and impairment. . . . .	<u>5,118</u>	<u>492</u>	<u>13,169</u>	<u>380</u>	<u>299</u>	<u>288</u>	<u>19,746</u>
At 31 December 2023:							
Cost. . . . .	7,145	820	21,360	1,665	1,376	288	32,654
Accumulated depreciation and impairment. . . . .	(2,027)	(328)	(8,191)	(1,285)	(1,077)	—	(12,908)
Net carrying amount . . . . .	<u>5,118</u>	<u>492</u>	<u>13,169</u>	<u>380</u>	<u>299</u>	<u>288</u>	<u>19,746</u>

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	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>31 December 2024</b>							
At 1 January 2024:							
Cost. . . . .	7,145	820	21,360	1,665	1,376	288	32,654
Accumulated depreciation and impairment. . . . .	(2,027)	(328)	(8,191)	(1,285)	(1,077)	—	(12,908)
Net carrying amount . . . . .	<u>5,118</u>	<u>492</u>	<u>13,169</u>	<u>380</u>	<u>299</u>	<u>288</u>	<u>19,746</u>
At 1 January 2024, net of							
accumulated depreciation . . . . .	5,118	492	13,169	380	299	288	19,746
Additions . . . . .	—	—	2,035	—	25	287	2,347
Transfers . . . . .	—	—	575	—	—	(575)	—
Depreciation provided during the year . . . . .	(1,069)	(249)	(1,732)	(114)	(170)	—	(3,334)
At 31 December 2024, net of							
accumulated depreciation and impairment. . . . .	<u>4,049</u>	<u>243</u>	<u>14,047</u>	<u>266</u>	<u>154</u>	<u>—</u>	<u>18,759</u>
At 31 December 2024:							
Cost. . . . .	7,145	820	23,970	1,665	1,401	—	35,001
Accumulated depreciation and impairment. . . . .	(3,096)	(577)	(9,923)	(1,399)	(1,247)	—	(16,242)
Net carrying amount . . . . .	<u>4,049</u>	<u>243</u>	<u>14,047</u>	<u>266</u>	<u>154</u>	<u>—</u>	<u>18,759</u>

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	Leasehold improvements	Office equipment and furniture	Plant and machinery	Motor vehicles	Other equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>30 June 2025</b>							
At 1 January 2025:							
Cost. . . . .	7,145	820	23,970	1,665	1,401	—	35,001
Accumulated depreciation and impairment. . . . .	(3,096)	(577)	(9,923)	(1,399)	(1,247)	—	(16,242)
Net carrying amount . . . . .	<u>4,049</u>	<u>243</u>	<u>14,047</u>	<u>266</u>	<u>154</u>	<u>—</u>	<u>18,759</u>
At 1 January 2025, net of							
accumulated depreciation . . . . .	4,049	243	14,047	266	154	—	18,759
Additions . . . . .	—	—	27	—	1	—	28
Depreciation provided during the period . . . . .	(426)	(116)	(950)	(57)	(54)	—	(1,603)
At 30 June 2025, net of							
accumulated depreciation and impairment. . . . .	<u>3,623</u>	<u>127</u>	<u>13,124</u>	<u>209</u>	<u>101</u>	<u>—</u>	<u>17,184</u>
At 30 June 2025:							
Cost. . . . .	7,145	820	23,997	1,665	1,402	—	35,029
Accumulated depreciation and impairment. . . . .	(3,522)	(693)	(10,873)	(1,456)	(1,301)	—	(17,845)
Net carrying amount . . . . .	<u>3,623</u>	<u>127</u>	<u>13,124</u>	<u>209</u>	<u>101</u>	<u>—</u>	<u>17,184</u>

As at 31 December 2024 and 30 June 2025, the Group’s plant and machinery with net carrying amount of RMB3,628,000 and RMB3,405,000 was held under the sales and leaseback arrangement under which the Group has retained control of the assets and therefore the liabilities are recognised as other borrowings (note 26).

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## ACCOUNTANTS’ REPORT

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### Impairment testing of non-financial assets

Non-financial assets (including the property, plant and equipment, right-of-use assets and intangible assets) of the Group are allocated to the following three cash-generating units (“CGU”) for impairment testing as at the end of each of the Relevant Periods:

- Manufacturing and sales of medical aesthetic products;
- Sales of licensed-in drugs; and
- Pharmaceutical manufacturing, research and development and sales

For the CGU of manufacturing and sales of medical aesthetic products, the recoverable amounts has been determined based on the fair value less costs of disposal (“FVLCD”). The fair values were generally determined based on market approach and by making reference to comparable sales transactions of similar assets in similar conditions available in the market to assess the market value. Based on the impairment assessment, an impairment of RMB1,787,000 was provided for the CGU prior to the Relevant Periods and there were no further impairment required as at the end of the Relevant Periods. The impairment was fully allocated to the property, plant and equipment.

For the CGU of sales of licensed-in drugs, the recoverable amount has been determined based on the fair value less costs of disposal (“FVLCD”), with reference to the valuation performed by an independent qualified professional valuer. The fair values were determined based on income approach by making reference to royalty rates from comparable business in the pharmaceutical industry. Based on the impairment assessment, the Group recognised impairment provision of RMB3,910,000, RMB4,574,000, RMB4,574,000 as at 31 December 2023, 2024 and June 2024, respectively. The impairment was fully allocated to the intangible assets (note 16).

For the CGU of pharmaceutical manufacturing, research and development and sales, the recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the remaining useful life of non-financial assets approved by senior management. The values assigned to the key assumptions are consistent with management’s past experience and external information sources. As at 31 December 2023, 2024 and 30 June 2025, the recoverable amount of the CGU has exceeded its carrying amount and no impairment provision was made for the non-financial assets of the CGU.

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The pre-tax discount rate applied to the cash flow projections, the revenue growth rate and the gross profit margin used to extrapolate the cash flows of the CGU of pharmaceutical manufacturing, research and development and sales are as follows:

	<u>As at 31 December</u>			<u>As at 30 June</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Average revenue growth rate . . . . .	51.31%	50.68%	50.73%	53.29%
Average gross profit margin . . . . .	49.97%	50.86%	53.63%	55.21%
Pre-tax discount rate . . . . .	13.34%	12.20%	10.94%	11.12%

**15. LEASES**

The Group had lease contracts for plant and buildings with lease terms of 2 to 10 years during the Relevant Periods and six months ended 30 June 2024.

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**The Group**

	Right-of-use assets	Lease liabilities
	Plant and buildings	Plant and buildings
	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2023</b>		
At 1 January 2023.....	15,175	17,246
Depreciation charged ( <i>note 7</i> ).....	(2,122)	—
Interest expense ( <i>note 8</i> ).....	—	750
Payments.....	—	(2,440)
At 31 December 2023.....	<u>13,053</u>	<u>15,556</u>
<b>As at 31 December 2024</b>		
At 1 January 2024.....	13,053	15,556
Additions.....	10,374	10,374
Depreciation charged ( <i>note 7</i> ).....	(2,308)	—
Interest expense ( <i>note 8</i> ).....	—	725
Payments.....	—	(3,813)
At 31 December 2024.....	<u>21,119</u>	<u>22,842</u>
<b>As at 30 June 2025</b>		
At 1 January 2025.....	21,119	22,842
Additions.....	—	—
Depreciation charged ( <i>note 7</i> ).....	(1,771)	—
Interest expense ( <i>note 8</i> ).....	—	466
Payments.....	—	(1,304)
At 30 June 2025.....	<u>19,348</u>	<u>22,004</u>

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities:			
Analyzed into:			
Current portion.....	1,858	3,419	3,877
Non-current portion.....	13,698	19,423	18,127
	<u>15,556</u>	<u>22,842</u>	<u>22,004</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**The Company**

	<b>Right-of-use assets</b>	<b>Lease liabilities</b>
	<b>Plant and buildings</b>	<b>Plant and buildings</b>
	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2023</b>		
At 1 January 2023.....	11,009	12,295
Depreciation charged ( <i>note 7</i> ).....	(1,501)	—
Interest expense ( <i>note 8</i> ).....	—	536
Payments.....	—	(1,698)
At 31 December 2023.....	<u>9,508</u>	<u>11,133</u>
<b>As at 31 December 2024</b>		
At 1 January 2024.....	9,508	11,133
Additions.....	—	—
Depreciation charged ( <i>note 7</i> ).....	(1,501)	—
Interest expense ( <i>note 8</i> ).....	—	480
Payments.....	—	(1,810)
At 31 December 2024.....	<u>8,007</u>	<u>9,803</u>
<b>As at 30 June 2025</b>		
At 1 January 2025.....	8,007	9,803
Additions.....	—	—
Depreciation charged ( <i>note 7</i> ).....	(751)	—
Interest expense ( <i>note 8</i> ).....	—	216
Payments.....	—	(932)
At 30 June 2025.....	<u>7,256</u>	<u>9,087</u>

	<b>As at 31 December</b>		<b>As at 30 June</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Lease liabilities:			
Analyzed into:			
Current portion.....	1,330	1,450	1,858
Non-current portion.....	<u>9,803</u>	<u>8,353</u>	<u>7,229</u>
	<u>11,133</u>	<u>9,803</u>	<u>9,087</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

Total amounts recognized in profit or loss in relation to leases during the Relevant Periods and six months ended 30 June 2024 are as follows:

**The Group**

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Interest on lease liabilities ( <i>note 8</i> ) . . .	750	725	346	466
Depreciation charge of right-of-use assets . . . . .	2,122	2,308	1,147	1,771
Expenses relating to short-term leases and low-value leases ( <i>note 7</i> ) . . . . .	462	323	194	97
Total amount recognised in profit or loss . . . . .	<u>3,334</u>	<u>3,356</u>	<u>1,687</u>	<u>2,334</u>

**The Company**

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i>
Interest on lease liabilities ( <i>note 8</i> ) . . .	536	480	248	216
Depreciation charge of right-of-use assets . . . . .	1,501	1,501	751	751
Total amount recognised in profit or loss . . . . .	<u>2,037</u>	<u>1,981</u>	<u>999</u>	<u>967</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**16. INTANGIBLE ASSETS**

**The Group**

	<u>Software</u>	<u>Licenses</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2023</b>			
At 1 January 2023			
Cost . . . . .	300	7,750	8,050
Accumulated amortisation . . . . .	(175)	(65)	(240)
Net carrying amount . . . . .	<u>125</u>	<u>7,685</u>	<u>7,810</u>
At 1 January 2023, net of accumulated			
amortisation . . . . .	125	7,685	7,810
Additions . . . . .	489	—	489
Amortisation ( <i>note 7</i> ) . . . . .	(144)	(775)	(919)
Impairment ( <i>note 7</i> ) . . . . .	—	(3,910)	(3,910)
At 31 December 2023, net of accumulated			
amortisation . . . . .	<u>470</u>	<u>3,000</u>	<u>3,470</u>
At 31 December 2023			
Cost . . . . .	789	7,750	8,539
Accumulated amortisation and			
impairment . . . . .	(319)	(4,750)	(5,069)
Net carrying amount . . . . .	<u>470</u>	<u>3,000</u>	<u>3,470</u>

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**ACCOUNTANTS’ REPORT**

	<u>Software</u>	<u>Licenses</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2024</b>			
At 1 January 2024			
Cost. . . . .	789	7,750	8,539
Accumulated amortisation and impairment. . . . .	<u>(319)</u>	<u>(4,750)</u>	<u>(5,069)</u>
Net carrying amount . . . . .	<u>470</u>	<u>3,000</u>	<u>3,470</u>
At 1 January 2024, net of accumulated			
amortisation. . . . .	470	3,000	3,470
Additions. . . . .	24	—	24
Amortisation ( <i>note 7</i> ). . . . .	(180)	(336)	(516)
Impairment ( <i>note 7</i> ). . . . .	<u>—</u>	<u>(664)</u>	<u>(664)</u>
At 31 December 2024, net of accumulated amortisation. . . . .	<u>314</u>	<u>2,000</u>	<u>2,314</u>
At 31 December 2024			
Cost. . . . .	813	7,750	8,563
Accumulated amortisation and impairment. . . . .	<u>(499)</u>	<u>(5,750)</u>	<u>(6,249)</u>
Net carrying amount . . . . .	<u>314</u>	<u>2,000</u>	<u>2,314</u>

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**ACCOUNTANTS’ REPORT**

**The Group**

	<u>Software</u>	<u>Licenses</u>	<u>Patents</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2025</b>				
At 1 January 2025				
Cost. . . . .	813	7,750	—	8,563
Accumulated amortisation and impairment. . . . .	(499)	(5,750)	—	(6,249)
Net carrying amount . . . . .	<u>314</u>	<u>2,000</u>	<u>—</u>	<u>2,314</u>
At 1 January 2025, net of				
accumulated amortisation. . . . .	314	2,000	—	2,314
Additions. . . . .	—	—	150	150
Amortisation ( <i>note 7</i> ). . . . .	(79)	(126)	(5)	(210)
At 30 June 2025, net of accumulated				
amortisation. . . . .	<u>235</u>	<u>1,874</u>	<u>145</u>	<u>2,254</u>
At 30 June 2025				
Cost. . . . .	813	7,750	150	8,713
Accumulated amortisation and impairment. . . . .	(578)	(5,876)	(5)	(6,459)
Net carrying amount . . . . .	<u>235</u>	<u>1,874</u>	<u>145</u>	<u>2,254</u>

Details of the impairment of intangible assets are set out in note 14 to the Historical Financial Information.

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**ACCOUNTANTS’ REPORT**

**The Company**

	<b>Software</b>	<b>Licenses</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2023</b>			
At 1 January 2023			
Cost . . . . .	293	7,750	8,043
Accumulated amortisation . . . . .	(174)	(65)	(239)
Net carrying amount . . . . .	<u>119</u>	<u>7,685</u>	<u>7,804</u>
At 1 January 2023, net of accumulated			
amortisation . . . . .	119	7,685	7,804
Additions . . . . .	489	—	489
Amortisation . . . . .	(141)	(775)	(916)
Impairment . . . . .	—	(3,910)	(3,910)
At 31 December 2023, net of accumulated			
amortisation . . . . .	<u>467</u>	<u>3,000</u>	<u>3,467</u>
At 31 December 2023			
Cost . . . . .	782	7,750	8,532
Accumulated amortisation and			
impairment . . . . .	(315)	(4,750)	(5,065)
Net carrying amount . . . . .	<u>467</u>	<u>3,000</u>	<u>3,467</u>

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**ACCOUNTANTS’ REPORT**

	<u>Software</u>	<u>Licenses</u>	<u>Total</u>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>As at 31 December 2024</b>			
At 1 January 2024			
Cost. . . . .	782	7,750	8,532
Accumulated amortisation and impairment. . . . .	<u>(315)</u>	<u>(4,750)</u>	<u>(5,065)</u>
Net carrying amount . . . . .	<u>467</u>	<u>3,000</u>	<u>3,467</u>
At 1 January 2024, net of accumulated			
amortisation. . . . .	467	3,000	3,467
Additions. . . . .	24	—	24
Amortisation . . . . .	(177)	(336)	(513)
Impairment . . . . .	<u>—</u>	<u>(664)</u>	<u>(664)</u>
At 31 December 2024, net of accumulated amortisation. . . . .	<u>314</u>	<u>2,000</u>	<u>2,314</u>
At 31 December 2024			
Cost. . . . .	806	7,750	8,556
Accumulated amortisation and impairment. . . . .	<u>(492)</u>	<u>(5,750)</u>	<u>(6,242)</u>
Net carrying amount . . . . .	<u>314</u>	<u>2,000</u>	<u>2,314</u>

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**ACCOUNTANTS’ REPORT**

**The Company**

	<u>Software</u>	<u>Licenses</u>	<u>Patent</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 30 June 2025</b>				
At 1 January 2025				
Cost. . . . .	806	7,750	—	8,556
Accumulated amortisation and impairment. . . . .	(492)	(5,750)	—	(6,242)
Net carrying amount . . . . .	<u>314</u>	<u>2,000</u>	<u>—</u>	<u>2,314</u>
At 1 January 2025, net of accumulated amortisation. . . . .				
	314	2,000	—	2,314
Additions. . . . .	—	—	150	150
Amortisation . . . . .	(79)	(126)	(5)	(210)
At 30 June 2025, net of accumulated amortisation. . . . .				
	<u>235</u>	<u>1,874</u>	<u>145</u>	<u>2,254</u>
At 30 June 2025				
Cost. . . . .	806	7,750	150	8,706
Accumulated amortisation and impairment. . . . .	(571)	(5,876)	(5)	(6,452)
Net carrying amount . . . . .	<u>235</u>	<u>1,874</u>	<u>145</u>	<u>2,254</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current:</b>			
Prepayments for property, plant and equipment . . . . .	81	63	78
Deposits . . . . .	619	619	619
Value-added tax and other taxes recoverable . . . . .	641	918	1,390
	1,341	1,600	2,087
<b>Current:</b>			
Prepayments . . . . .	2,265	3,206	2,845
Value-added tax and other taxes recoverable . . . . .	6	144	844
Other receivables and deposits . . . . .	1,652	1,670	2,035
	3,923	5,020	5,724
Impairment allowance . . . . .	(839)	(844)	(846)
Total . . . . .	4,425	5,776	6,965

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
<b>Non-current:</b>			
Prepayments for property, plant and equipment .....	51	29	29
Deposits .....	454	454	454
	505	483	483
<b>Current:</b>			
Prepayments .....	2,191	2,612	2,685
Value-added tax and other taxes recoverable .....	6	144	844
Due from subsidiaries .....	15,251	20,221	23,066
Other receivables and deposits .....	1,454	1,454	1,723
	18,902	24,431	28,318
Impairment allowance .....	(837)	(840)	(842)
Total .....	<u>18,570</u>	<u>24,074</u>	<u>27,959</u>

The other receivables and deposits are interest-free and are not secured with collateral.

As at 31 December 2023, 2024 and 30 June 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss. The Company estimated that the expected loss rate for its other receivables due from subsidiaries is minimal.

## APPENDIX I

## ACCOUNTANTS’ REPORT

The movements in the loss allowance for impairment of other receivables are as follows:

### The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year/period . . . . .	694	839	844
Impairment losses, net ( <i>note 7</i> ) . . . . .	145	5	2
At end of year/period . . . . .	<u>839</u>	<u>844</u>	<u>846</u>

### The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year/period . . . . .	665	837	840
Impairment losses, net. . . . .	172	3	2
At end of year/period . . . . .	<u>837</u>	<u>840</u>	<u>842</u>

## 18. INVESTMENT IN SUBSIDIARIES

### The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Jiangsu Hyken Pharm Co., Ltd. 江蘇恒濟醫藥有限公司 . . . . .	—	60,000	60,000
Guangzhou Novaken Pharmaceutical Research Institute Co., Ltd. 廣州新濟生 物醫藥研究院有限公司 . . . . .	2,000	2,000	2,000
Guangzhou Micnano Biotech Co., Ltd. 廣 州新濟薇娜生物科技有限公司 . . . . .	1,600	1,600	1,600
Less: provision for impairment . . . . .	(1,600)	(1,600)	(1,600)
	<u>2,000</u>	<u>62,000</u>	<u>62,000</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

Some subsidiaries incurred losses or only carried out limited operational activities. The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each of the Relevant Periods. The Company has recognised an impairment loss on investment in subsidiaries amounted to RMB1,600,000, RMB1,600,000 and RMB1,600,000 as at 31 December 2023, 2024 and 30 June 2025, respectively.

**19. INVENTORIES**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials . . . . .	1,044	928	703
Work in progress . . . . .	582	380	—
Finished goods . . . . .	1,108	481	—
Total . . . . .	<u>2,734</u>	<u>1,789</u>	<u>703</u>

The inventories are net of a write-down of approximately RMB1,844,000, RMB1,842,000 and RMB2,143,000 at the end of each of the Relevant Periods.

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials . . . . .	721	675	703
Finished goods . . . . .	166	—	—
Total . . . . .	<u>887</u>	<u>675</u>	<u>703</u>

The inventories are net of a write-down of approximately RMB652,000, RMB746,000 and RMB605,000 at the end of each of the Relevant Periods.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**20. TRADE RECEIVABLES**

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables . . . . .	9,371	8,457	12,826
Impairment . . . . .	(40)	(354)	(568)
Net carrying amount . . . . .	9,331	8,103	12,258

The Group’s trading terms with its customers are mainly on credit. For sales of products, the credits period is normally 30 days. For sales of CRO services, the settlement is made in accordance with the terms specified in the agreements. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Trade receivables are non-interest-bearing.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year . . . . .	9,331	5,830	10,096
Over 1 year . . . . .	—	2,273	2,162
Total . . . . .	<u>9,331</u>	<u>8,103</u>	<u>12,258</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year/period . . . . .	1	40	354
Impairment losses, net ( <i>note 7</i> ) . . . . .	<u>39</u>	<u>314</u>	<u>214</u>
At end of year/period . . . . .	<u>40</u>	<u>354</u>	<u>568</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group’s trade receivables using a provision matrix:

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**ACCOUNTANTS’ REPORT**

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
Carrying amount excluding individually impaired item			
Expected credit loss rate . . . . .	0.34%	4.18%	5.18%
Gross carrying amount ( <i>RMB’000</i> ) . . . . .	8,073	8,457	10,427
Expected credit losses ( <i>RMB’000</i> )_ . . . . .	<u>27</u>	<u>354</u>	<u>540</u>
Individually impaired item			
Expected credit loss rate . . . . .	0.98%	—	1.16%
Gross carrying amount ( <i>RMB’000</i> ) . . . . .	1,298	—	2,399
Expected credit losses ( <i>RMB’000</i> ) . . . . .	<u>13</u>	<u>—</u>	<u>28</u>

**21. CONTRACT ASSETS**

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Contract assets arising from:			
CRO services . . . . .	<u>2,208</u>	<u>8,609</u>	<u>11,481</u>
Total . . . . .	2,208	8,609	11,481
Impairment . . . . .	<u>(8)</u>	<u>(137)</u>	<u>(160)</u>
Net carrying amount . . . . .	<u>2,200</u>	<u>8,472</u>	<u>11,321</u>

Contract assets are initially recognised for revenue earned from the provision of CRO services and the receipt of consideration is conditional on successful completion of the services.

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**ACCOUNTANTS’ REPORT**

The expected timing of recovery or settlement for contract assets as at the end of each reporting period is as follows:

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year . . . . .	2,200	8,095	11,056
Over 1 year . . . . .	—	377	265
Total . . . . .	<u>2,200</u>	<u>8,472</u>	<u>11,321</u>

The movements in the loss allowance for impairment of contract assets are as follows:

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year/period . . . . .	11	8	137
Impairment losses, net ( <i>note 7</i> ) . . . . .	<u>(3)</u>	<u>129</u>	<u>23</u>
At end of year/period . . . . .	<u>8</u>	<u>137</u>	<u>160</u>

The impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

Set out below is the information about the credit risk exposure on the Group’s contract assets using a provision matrix:

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
Expected credit loss rate . . . . .	0.34%	1.59%	1.39%
Gross carrying amount (RMB’000) . . . . .	2,208	8,609	11,481
Expected credit losses (RMB’000) . . . . .	8	137	160

**22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

**The Group and the Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Structured deposits . . . . .	10,382	—	2,676

The above amount represented investments in certain financial products issued by a commercial bank in Chinese Mainland with expected return rates ranging from 1.39% to 4.05% per annum. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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**23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and bank balances . . . . .	7,201	68,361	50,387
Less:			
Restricted cash* . . . . .	—	—	642
Cash and cash equivalents . . . . .	<u>7,201</u>	<u>68,361</u>	<u>49,745</u>
Denominated in:			
RMB . . . . .	7,201	68,361	47,848
USD . . . . .	<u>—</u>	<u>—</u>	<u>1,897</u>

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and cash equivalents . . . . .	6,950	11,994	5,702
Less:			
Restricted cash* . . . . .	—	—	637
Cash and cash equivalents . . . . .	<u>6,950</u>	<u>11,994</u>	<u>5,065</u>
Denominated in:			
RMB . . . . .	6,950	11,994	3,168
USD . . . . .	<u>—</u>	<u>—</u>	<u>1,897</u>

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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As at 30 June 2025, restricted cash comprised of funds under the custody of the lending bank of certain bank borrowings.

**24. TRADE PAYABLES**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	3,346	1,837	4,914

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables . . . . .	2,487	1,313	4,713

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year . . . . .	3,213	1,295	4,557
Over 1 year . . . . .	133	542	357
Total . . . . .	3,346	1,837	4,914

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**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year . . . . .	2,446	1,168	4,543
Over 1 year . . . . .	41	145	170
Total . . . . .	<u>2,487</u>	<u>1,313</u>	<u>4,713</u>

The trade payables are non-interest-bearing and normally settled within one year.

**25. OTHER PAYABLES AND ACCRUALS**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Payroll payable . . . . .	5,590	9,679	9,274
Amounts due to the directors ( <i>note 34</i> ) . . . .	—	900	—
Other tax payable . . . . .	361	412	354
Payables for property, plant and equipment .	852	1,132	241
Other payables and accruals . . . . .	1,421	3,859	3,700
Payables for intangible assets* . . . . .	16,750	16,750	16,750
Total . . . . .	<u>24,974</u>	<u>32,732</u>	<u>30,319</u>

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### The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Payroll payable . . . . .	5,152	8,565	8,769
Amounts due to the directors . . . . .	—	900	—
Other tax payable . . . . .	241	228	165
Payables for property, plant and equipment . . . . .	450	741	2
Due to subsidiaries . . . . .	1,117	1,461	6,350
Other payables and accruals . . . . .	1,121	3,205	2,730
Payables for intangible assets* . . . . .	16,750	16,750	16,750
<b>Total . . . . .</b>	<b>24,831</b>	<b>31,850</b>	<b>34,766</b>

\* It represented the payable for the purchase of the licenses to research, development and sales of licensed products from a third party which became a shareholder of the Company in July 2023. The payables were fully settled in August 2025.

The above other payables are non-interest-bearing and repayable on demand.

## 26. INTEREST-BEARING BANK AND OTHER BORROWINGS

### The Group and the Company

	As at 31 December 2023			As at 31 December 2024			As at 30 June 2025		
	<i>Effective interest</i>			<i>Effective interest</i>			<i>Effective interest</i>		
	<i>rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>	<i>rate (%)</i>	<i>Maturity</i>	<i>RMB’000</i>
<b>Current</b>									
Bank loans — secured . . . . .	3.40-3.70	2024	10,011	3.20	2025	2,002	3.00-3.40	2026	12,511
Current portion of long-term								On	
bank loans — secured . . . . .	LIBOR+40-80	2024	881	LIBOR+40-80	2025	8,370	LIBOR-10	demand	10,008
Current portion of long-term									
other borrowings — secured . . . . .	—	—	—	10.18	2025	2,577	10.18	2025	1,075
<b>Total-current . . . . .</b>			<b>10,892</b>			<b>12,949</b>			<b>23,594</b>
<b>Non-current</b>									
Bank loans — secured . . . . .	LIBOR+40-80	2025	8,371	—	—	—	—	—	—
<b>Total-non-current . . . . .</b>			<b>8,371</b>			<b>—</b>			<b>—</b>
<b>Total . . . . .</b>			<b>19,263</b>			<b>12,949</b>			<b>23,594</b>

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As at 31 December 2023 and 2024 and 30 June 2025, certain of the Group’s bank and other borrowings amounting to RMB19,263,000, RMB10,372,000 and RMB22,519,000 were guaranteed by the directors of the Company (note 34).

As at 31 December 2024 and 30 June 2025, the other borrowings of the Group represented the borrowings from certain financial institutions under sales and leaseback transactions (note 14).

The secured bank loan of RMB10,008,000 as at 30 June 2025 is subject to a financial covenant and repayable on demand.

All bank and other borrowings were denominated in RMB and the carrying amounts approximate to their fair values as at 31 December 2023 and 2024 and 30 June 2025.

**27. DEFERRED INCOME**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred government grant:			
At 1 January . . . . .	3,223	3,618	4,891
Received during the year/period. . . . .	1,200	2,279	—
Released during the year/period. . . . .	(805)	(1,006)	(627)
At 31 December/30 June . . . . .	<u>3,618</u>	<u>4,891</u>	<u>4,264</u>

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Deferred government grant:			
At 1 January . . . . .	2,417	2,860	4,161
Received during the year/period. . . . .	1,200	2,279	—
Released during the year/period. . . . .	(757)	(978)	(613)
At 31 December/30 June . . . . .	<u>2,860</u>	<u>4,161</u>	<u>3,548</u>

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Deferred income represented amounts received from the governments for projects and is credited to profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

**28. CONTRACT LIABILITIES**

**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Advances from customers			
CRO services . . . . .	12,641	12,807	14,911
Sales of goods. . . . .	573	416	338
	<u>13,214</u>	<u>13,223</u>	<u>15,249</u>

**The Company**

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Advances from customers			
CRO services . . . . .	12,641	12,807	14,911
Sales of goods. . . . .	73	—	—
	<u>12,714</u>	<u>12,807</u>	<u>14,911</u>

Contract liabilities mainly include advances received under the CRO service agreement at the end of each of the Relevant Periods. Contract liabilities are recognized as revenue upon the Group satisfying its obligations under the agreements.

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### 29. FINANCIAL LIABILITIES ON SERIES SHARES

Pursuant to the shareholders agreement entered into from September 2021 to February 2025 (collectively, the “**Agreements**”), the Company issued 2,314,077 series A, 334,850 series A+ and 2,306,747 series B ordinary shares (collectively, the “**Series Shares**”) to the Pre-[REDACTED] investors for a total cash proceed of approximately RMB147,000,000. Pursuant to the Agreements, the Pre-[REDACTED] investors were granted by the Company with certain special rights (“**Special Rights**”). The key terms of the Special Rights are summarized as follows:

#### (1) Voting rights

All shareholders, including the holders of ordinary shares and holders of Series Shares, are entitled to vote together as a single class on a pro-rata basis.

#### (2) Dividend rights

The Group’s capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

#### (3) Redemption features

The Series Shares shall be redeemable by the Company at the option of the shareholders upon occurrence of certain events, including but not limited to:

- (a) The Company fails to achieve a qualified [REDACTED] or qualified overall sale of the Company before 10 November 2027, 31 December 2027 and 31 December 2029 for shareholders for Series A Shares, Series A+ Shares and Series B Shares, respectively;
- (b) The Company is unable to provide a qualified audit report on its consolidated financial statements;
- (c) The Company is unable to achieve the goal that at least one of its high-end new drugs entering into phase II clinical trial before 31 December 2026.

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### (4) Liquidation preferences

In the event of any liquidation or deemed liquidation event, holders of the Series Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series share with an annual compound interest rate of 8% thereon in the sequence as follows: Series B Shares, Series A+ Shares and Series A Shares.

### (5) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital at the lowest issue price permitted by law to the investors or receive cash compensation from the Company, and the investors also have a right to require the controlling shareholders to transfer shares to the investors at the lowest issue price permitted by law or receive cash compensation from the controlling shareholders, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

On 25 November 2025, the Company and the Pre-[REDACTED] investors subsequently entered into supplemental agreements, agreeing that, all the Special Rights granted to the Pre-[REDACTED] investors have been terminated prior to the initial filing of the application for [REDACTED]. In the event that the application for [REDACTED] is not approved, is withdrawn, or the review is terminated by the stock exchange or other securities regulatory authorities, the Special Rights shall be reinstated.

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### Presentation and classification

As the Agreements give rise to redemption obligation of the Company, upon the issuance of each series of shares, the Company classifies the series shares as financial liabilities and debited to other reserve in equity. As the special rights granted to the Pre-[REDACTED] investors in the Agreements form a hybrid contract with multiple embedded derivatives which satisfy the criteria under IFRS 9, the Group designated the entire hybrid instrument as financial liabilities at fair value through profit or loss upon initial recognition and presented as “financial liabilities on series shares” in the consolidated statements of financial position. The change in fair value of the financial liabilities on series shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the financial liabilities on series shares attributable to changes of own credit risk is not significant.

The financial liabilities on series shares were presented as current liabilities as not all triggering payment events mentioned above were within the control of the Company.

The movements of financial liabilities on series shares are set out as follows:

### The Group and the Company

	Series A	Series A+	Series B	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 . . . . .	82,260	16,289	—	98,549
Change in fair value . . . . .	32,939	3,372	—	36,311
At 31 December 2023 . . . . .	115,199	19,661	—	134,860
Issue of series shares . . . . .	—	—	80,000	80,000
Change in fair value . . . . .	35,431	3,704	81,314	120,449
At 31 December 2024 . . . . .	150,630	23,365	161,314	335,309
Change in fair value . . . . .	170	51	1,037	1,258
At 30 June 2025 . . . . .	150,800	23,416	162,351	336,567

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The Group has used the discounted cash flow method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model to arrive the fair value of the financial liabilities on series shares as at 31 December 2023, 2024 and 30 June 2025. The key assumptions used in the valuation are set out below:

	As at 31 December		As at 30 June
	2023	2024	2025
Risk-free interest rate . . . . .	2.40%	1.10%	1.41%
DLOM . . . . .	26.88%	25.52%	26.62%
Volatility . . . . .	51.52%	44.89%	50.62%

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

Significant unobservable inputs	Increase/(decrease) in the inputs	(Decrease)/increase in the fair value		
		As at 31 December		As at 30 June
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Risk-free interest rate . . . . .	1%/(1%)	(1,433)/1,513	(1,866)/2,006	(1,637)/1,739
DLOM . . . . .	1%/(1%)	(1,248)/1,250	(3,756)/3,758	(3,842)/3,814
Volatility . . . . .	1%/(1%)	267/(283)	375/(401)	285/(307)

### 30. PAID-IN CAPITAL

#### The Group and the Company

##### *Paid-in capital:*

	Paid-in capital
	<i>RMB'000</i>
As at 1 January 2023 . . . . .	12,781
Issue of shares . . . . .	—
As at 31 December 2023 and 1 January 2024 . . . . .	12,781
Issue of series B shares . . . . .	2,307
As at 31 December 2024 and 1 January 2025 . . . . .	15,088
Issue of shares . . . . .	—
As at 30 June 2025 . . . . .	15,088

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**APPENDIX I****ACCOUNTANTS’ REPORT**

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During the year ended 31 December 2024, the Company issued 2,306,747 series B shares for cash consideration of RMB80,000,000, which has increased the share capital and capital reserve by RMB2,307,000 and RMB77,693,000, respectively.

**31. DEFICITS****The Group**

The amounts of the Group’s reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2024 are presented in the consolidated statements of changes in equity of the Group.

**(a) Capital reserve**

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

**(b) Share-based payment reserve**

The share-based payment reserve represents share-based compensation due to the equity-settled share based payments transactions.

**(c) Other reserve**

The other reserve represents the debt amount of the financial liabilities on series shares upon initial recognition and the reserves arising from the transactions with the non-controlling shareholders.

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**ACCOUNTANTS’ REPORT**

**The Company**

The amounts of the Company’s reserves and the movements therein for the Relevant Periods and six months ended 30 June 2024 are as follows:

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 . . . . .	50,997	2,913	(67,000)	(69,958)	(83,048)
Loss for the year . . . . .	—	—	—	(54,840)	(54,840)
Total comprehensive loss for the year . . . . .	—	—	—	(54,840)	(54,840)
At 31 December 2023 . . . . .	<u>50,997</u>	<u>2,913</u>	<u>(67,000)</u>	<u>(124,798)</u>	<u>(137,888)</u>
At 1 January 2024 . . . . .	50,997	2,913	(67,000)	(124,798)	(137,888)
Loss for the year . . . . .	—	—	—	(138,687)	(138,687)
Total comprehensive loss for the year . . . . .	—	—	—	(138,687)	(138,687)
Issue of shares . . . . .	77,693	—	—	—	77,693
Recognition of financial liabilities on series shares . . . . .	—	—	(80,000)	—	(80,000)
At 31 December 2024 . . . . .	<u>128,690</u>	<u>2,913</u>	<u>(147,000)</u>	<u>(263,485)</u>	<u>(278,882)</u>
At 1 January 2025 . . . . .	128,690	2,913	(147,000)	(263,485)	(278,882)
Loss for the period . . . . .	—	—	—	(14,079)	(14,079)
Total comprehensive loss for the period . . . . .	—	—	—	(14,079)	(14,079)
At 30 June 2025 . . . . .	<u>128,690</u>	<u>2,913</u>	<u>(147,000)</u>	<u>(277,564)</u>	<u>(292,961)</u>
At 1 January 2024 . . . . .	50,997	2,913	(67,000)	(124,798)	(137,888)
Loss for the period (unaudited) . . . .	—	—	—	(39,542)	(39,542)
Total comprehensive loss for the period (unaudited) . . . . .	—	—	—	(39,542)	(39,542)
At 30 June 2024 (unaudited) . . . . .	<u>50,997</u>	<u>2,913</u>	<u>(67,000)</u>	<u>(164,340)</u>	<u>(177,430)</u>

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**32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(a) Major non-cash transactions**

During the Relevant Periods and six months ended 30 June 2024, the Group had non-cash additions to right-of-use assets of nil, RMB10,374,000, nil and nil, respectively, in respect of lease arrangements for office buildings.

**(b) Changes in liabilities arising from financing activities**

	Lease liabilities	Interest-bearing bank and other borrowings	Financial liabilities on series shares	Accrued transaction cost on issue of series shares in trade and other payables	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023 . . . . .	17,246	9,280	98,549	—	125,075
Changes from financing cash flows . . . . .	(2,440)	9,527	—	—	7,087
Interest expenses . . . . .	750	456	—	—	1,206
Change in fair value of financial liabilities on series shares . . . . .	—	—	36,311	—	36,311
At 31 December 2023 and 1 January 2024 . . . . .	<u>15,556</u>	<u>19,263</u>	<u>134,860</u>	<u>—</u>	<u>169,679</u>
Changes from financing cash flows . . . . .	(3,813)	(6,977)	80,000	—	69,210
Non-cash transactions . . . . .	10,374	—	—	2,000	12,374
Interest expenses . . . . .	725	663	—	—	1,388
Change in fair value of financial liabilities on series shares . . . . .	—	—	120,449	—	120,449
At 31 December 2024 and 1 January 2025 . . . . .	<u>22,842</u>	<u>12,949</u>	<u>335,309</u>	<u>2,000</u>	<u>373,100</u>
Changes from financing cash flows . . . . .	(1,304)	10,249	—	(400)	8,545
Interest expenses . . . . .	466	396	—	—	862
Change in fair value of financial liabilities on series shares . . . . .	—	—	1,258	—	1,258
At 30 June 2025 . . . . .	<u>22,004</u>	<u>23,594</u>	<u>336,567</u>	<u>1,600</u>	<u>383,765</u>
At 31 December 2023 and 1 January 2024 . . . . .	15,556	19,263	134,860	—	169,679
Changes from financing cash flows . . . . .	(1,331)	(751)	—	—	(2,082)
Interest expenses . . . . .	346	308	—	—	654
Change in fair value of financial liabilities on series shares . . . . .	—	—	28,251	—	28,251
At 30 June 2024 (Unaudited) . . . . .	<u>14,571</u>	<u>18,820</u>	<u>163,111</u>	<u>—</u>	<u>196,502</u>

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**(c) Total cash outflow for leases**

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			(Unaudited)	
Within operating activities.....	462	323	194	97
Within financing activities.....	2,440	3,813	1,331	1,304
Total.....	<u>2,902</u>	<u>4,136</u>	<u>1,525</u>	<u>1,401</u>

**33. COMMITMENTS**

The Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted, but not provided for:			
Plant and machinery .....	—	616	9,040

**34. RELATED PARTY TRANSACTIONS**

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and six months ended 30 June 2024:

**(a) Name of related parties**

	Relationship with the Group
Dr. Wu Chuanbin .....	Director and the shareholder
Ms. Pan Xin .....	Director
Ms. Jia Lu.....	Director

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(b) Outstanding balances with related parties:

The Group had the following outstanding balances with related parties at 31 December 2023 and 2024, and 30 June 2025.

*Other payables*

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Ms. Pan Xin* . . . . .	—	700	—
Ms. Jia Lu* . . . . .	—	200	—

\* These balances were unsecured, interest-free, and of non-trade in nature.

(c) Certain of the Group’s bank and other borrowings are secured by:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dr. Wu Chuanbin . . . . .	19,263	10,372	22,519
Ms. Pan Xin . . . . .	9,252	8,370	—

The above guarantees provided by the related parties are expected to be released before the [REDACTED].

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(d) Compensation of key management personnel of the Group:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			(Unaudited)	
Salaries, allowances and benefits in kind . . . . .	1,138	1,371	713	1,542
Performance related bonuses . . . . .	1,334	1,703	852	354
Pension scheme contributions . . . . .	17	19	9	11
	<u>2,489</u>	<u>3,093</u>	<u>1,574</u>	<u>1,907</u>

Further details of directors’ supervisors’ and the chief executive’s emoluments are included in note 9 to the Historical Financial Information.

**35. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

**As at 31 December 2023**

**Financial assets**

	Financial assets at fair value		Financial assets at amortised cost	Total
	through profit or loss			
	<i>RMB’000</i>	<i>RMB’000</i>		
Cash and cash equivalents . . . . .	—	7,201	7,201	
Trade receivables . . . . .	—	9,331	9,331	
Financial assets included in prepayments, other receivables and other assets . . . . .	—	1,432	1,432	
Financial assets at fair value through profit or loss . . . . .	<u>10,382</u>	<u>—</u>	<u>10,382</u>	
	<u>10,382</u>	<u>17,964</u>	<u>28,346</u>	

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**Financial liabilities**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest-bearing bank and other borrowings.	—	19,263	19,263
Trade payables . . . . .	—	3,346	3,346
Financial liabilities included in other payables and accruals . . . . .	—	19,023	19,023
Financial liabilities on series shares . . . . .	134,860	—	134,860
Lease liabilities . . . . .	—	15,556	15,556
	<u>134,860</u>	<u>57,188</u>	<u>192,048</u>

**As at 31 December 2024**

**Financial assets**

	<b>Financial assets at amortised cost</b>
	<i>RMB’000</i>
Cash and cash equivalents . . . . .	68,361
Trade receivables . . . . .	8,103
Financial assets included in prepayments, other receivables and other assets. . . . .	1,445
	<u>77,909</u>

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**Financial liabilities**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest-bearing bank and other borrowings . . . . .	—	12,949	12,949
Trade payables . . . . .	—	1,837	1,837
Financial liabilities included in other payables and accruals . . . . .	—	22,641	22,641
Financial liabilities on series shares . . . . .	335,309	—	335,309
Lease liabilities . . . . .	—	22,842	22,842
	<u>335,309</u>	<u>60,269</u>	<u>395,578</u>

**As at 30 June 2025**

**Financial assets**

	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at amortised cost</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash and cash equivalents . . . . .	—	50,387	50,387
Trade receivables . . . . .	—	12,258	12,258
Financial assets included in prepayments, other receivables and other assets . . . . .	—	1,808	1,808
Financial assets at fair value through profit or loss . . . . .	<u>2,676</u>	<u>—</u>	<u>2,676</u>
	<u>2,676</u>	<u>64,453</u>	<u>67,129</u>

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**Financial liabilities**

	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interest-bearing bank and other borrowings . . . . .	—	23,594	23,594
Trade payables . . . . .	—	4,914	4,914
Financial liabilities included in other payables and accruals . . . . .	—	20,691	20,691
Financial liabilities on series shares . . . . .	336,567	—	336,567
Lease liabilities . . . . .	—	22,004	22,004
	<u>336,567</u>	<u>71,203</u>	<u>407,770</u>

**36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

**Fair value**

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, lease liabilities and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group’s finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

*Assets measured at fair value:*

**As at 31 December 2023**

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	
Financial assets at fair value through profit or loss . . . . .	—	10,382	—	10,382

**As at 30 June 2025**

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	
Financial assets at fair value through profit or loss . . . . .	—	2,676	—	2,676

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*Liabilities measured at fair value:*

**As at 31 December 2023**

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities on series shares . .	—	—	134,860	134,860

**As at 31 December 2024**

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities on series shares . .	—	—	335,309	335,309

**As at 30 June 2025**

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial liabilities on series shares . .	—	—	336,567	336,567

Further details of financial liabilities on series shares are included in note 29 to the Historical Financial Information.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss and interest-bearing bank and other borrowings, and finance liabilities on series shares. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables and other payables and accruals and lease liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

**Maximum exposure and year-end staging**

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

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**As at 31 December 2023**

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets* . . . . .	—	—	—	2,208	2,208
Trade receivables*. . . . .	—	—	—	9,371	9,371
Financial assets included in prepayments, other receivables and other assets . . . . .	1,441	—	830	—	2,271
— Normal** . . . . .	1,441	—	—	—	1,441
— Doubtful** . . . . .	—	—	830	—	830
Cash and cash equivalents — Not yet past due . . .	7,201	—	—	—	7,201
	<u>8,642</u>	<u>—</u>	<u>830</u>	<u>11,579</u>	<u>21,051</u>

**As at 31 December 2024**

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets* . . . . .	—	—	—	8,609	8,609
Trade receivables*. . . . .	—	—	—	8,457	8,457
Financial assets included in prepayments, other receivables and other assets . . . . .	1,459	—	830	—	2,289
— Normal** . . . . .	1,459	—	—	—	1,459
— Doubtful** . . . . .	—	—	830	—	830
Cash and cash equivalents — Not yet past due . . .	68,361	—	—	—	68,361
	<u>69,820</u>	<u>—</u>	<u>830</u>	<u>17,066</u>	<u>87,716</u>

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**As at 30 June 2025**

	12-month ECLs		Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets* . . . . .	—	—	—	11,481	11,481
Trade receivables*. . . . .	—	—	—	12,826	12,826
Financial assets included in prepayments, other receivables and other assets . . . . .	1,824	—	830	—	2,654
— Normal** . . . . .	1,824	—	—	—	1,824
— Doubtful** . . . . .	—	—	830	—	830
Restricted cash — Not yet past due . . . . .	642	—	—	—	642
Cash and cash equivalents — Not yet past due . . .	49,745	—	—	—	49,745
	<u>52,211</u>	<u>—</u>	<u>830</u>	<u>24,307</u>	<u>77,348</u>

\* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 21 to the financial statements, respectively.

\*\* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

**Interest rate risk**

The Group is exposed to fair value interest rate risk in relation to lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to interest-bearing loans. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the effect on the Group’s loss before tax for each of the Relevant Periods as at the end of each reporting period that an increase/decrease of 5% in interest rate would have.

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	For the year ended 31 December		For the six months ended
			30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
5% Increase of interest rate . . . . .	(1,240)	(1,142)	(1,600)
5% Decrease of interest rate . . . . .	1,240	1,142	1,600

**Liquidity risk**

The Group’s objective is to maintain continuity of funding and flexibility through the use of internally generated cash flows from operation and bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The maturity profile of the Group’s financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

**As at 31 December 2023**

	On demand	Within 1 year	Over 1 year	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables . . . . .	3,346	—	—	3,346
Financial liabilities included in other payables and accruals . . . . .	19,023	—	—	19,023
Lease liabilities . . . . .	—	2,529	15,530	18,059
Interest-bearing bank and other borrowings . . . . .	—	11,268	9,063	20,331
	<u>22,369</u>	<u>13,797</u>	<u>24,593</u>	<u>60,759</u>

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**As at 31 December 2024**

	<b>On demand</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables . . . . .	1,837	—	—	1,837
Financial liabilities included in other payables and accruals . . . . .	22,640	—	—	22,640
Lease liabilities . . . . .	—	4,320	21,479	25,799
Interest-bearing bank and other borrowings . . . . .	—	13,583	—	13,583
	<u>24,477</u>	<u>17,903</u>	<u>21,479</u>	<u>63,859</u>

**As at 30 June 2025**

	<b>On demand</b>	<b>Within 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade payables . . . . .	4,914	—	—	4,914
Financial liabilities included in other payables and accruals . . . . .	20,691	—	—	20,691
Lease liabilities . . . . .	—	4,364	20,131	24,495
Interest-bearing bank and other borrowings . . . . .	10,193	14,455	—	24,648
	<u>35,798</u>	<u>18,819</u>	<u>20,131</u>	<u>74,748</u>

**Capital management**

The Group’s policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of business.

The directors of the Company review the asset-liability ratio, which is total assets divided by total liability, on a continuous basis, taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the raising of new debts as well as the redemption of the existing debts and manage the asset-liability ratios. The Group’s overall strategy remained unchanged during the Relevant Periods.

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The asset-liability ratios as at the end of each of Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total assets . . . . .	78,749	140,617	132,933
Total liabilities . . . . .	214,831	423,783	436,911
Asset-liability ratio . . . . .	<u>272.80%</u>	<u>301.37%</u>	<u>328.67%</u>

**38. EVENTS AFTER THE RELEVANT PERIODS**

**(1) Convert into a joint stock company**

On 26 November 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and accumulated losses, were converted into 19,953,361 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company’s capital reserve.

**(2) 2025 Employee Incentive Scheme**

The Company adopted a share incentive scheme for employees (the “**2025 Employee Incentive Scheme**”) which was approved and adopted by the written resolutions of all the shareholders of the Company passed on 25 August 2025 for the purpose of providing incentives or rewards to eligible persons for their contribution to, and continuing efforts to promote the interests of the Group. Eligible persons of the 2025 Employee Incentive Scheme include any director or employee of the Group who has contributed to or will contribute to the Group. On 25 August 2025, restricted shares under the 2025 Employee Incentive Scheme were granted to eligible employees and directors of the Group.

**(3) Investments by Zhuhai Fund III Venture Capital Partnership (Limited Partnership) (“Zhuhai Fund III”)**

Pursuant to the capital contribution agreement dated on 23 December 2024, Zhuhai Fund III agreed to subscribe for an amount of RMB865,030 in the registered capital of the Company at an aggregate consideration for RMB30,000,000. On 10 July 2025, the paid-in capital of the Company had been increased by RMB865,030 with the full receipt of the funds.

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**(4) Investments by Guangzhou Guangyao Industry Investment Venture Capital Fund Partnership (Limited Partnership) ("Guangyao VC"), Mr. Chu Xianfu and Mr. Pan Lu**

Pursuant to the capital contribution agreement dated on 27 June 2025, Guangyao VC, Mr. Chu Xianfu and Mr. Pan Lu agreed to subscribe for a total amount of RMB1,153,374 in the registered capital of the Company at an aggregate consideration for RMB40,000,000. In July 2025, the paid-in capital of the Company increased by RMB1,153,374 with the full receipt of the funds.

**(5) Investment by Yueyang Haiyer Pharmaceutical Investment Partnership (Limited Partnership) ("Yueyang LP")**

Pursuant to the capital contribution agreement dated on 7 August 2025, Yueyang LP agreed to subscribe for a total amount of RMB1,153,374 in the registered capital of the Company at an aggregate consideration for RMB40,000,000. In August 2025, the paid-in capital of the Company increased by RMB1,153,374 with the full receipt of the funds.

**(6) Investment by Capital Development Investment Fund ("Shaoguan LP")**

On 17 November 2025, it was resolved at a shareholders' meeting of the Company that the registered capital of the Company be increased by RMB399,067, which was subscribed by Shaoguan LP at a consideration of RMB30,000,000. The funds were fully receipt in November 2025.

**(7) Investment by Guangzhou Guangji Investment Biopharmaceutical Investment Enterprise (Limited Partnership) ("Guangji Investment")**

On 9 September 2021, it was resolved at a shareholder's meeting of the Company that the registered capital of the Company be increased by RMB1,227,069, which was subscribed by Guangji Investment at a consideration of RMB20,185,285. The funds were fully received in December 2025.

**(8) Investment by Guangzhou Baiji Biopharmaceutical Investment Enterprise (Limited Partnership) ("Baiji Investment")**

On 7 October 2023, it was resolved at a shareholder's meeting of the Company that the registered capital of the Company be increased by RMB446,930, which was subscribed by Baiji Investment at a consideration of RMB16,733,326. The funds were fully received in December 2025.

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**ACCOUNTANTS’ REPORT**

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**39. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2025.