The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SIRIUS THERAPEUTICS, [REDACTED]

Introduction

We report on the historical financial information of Sirius Therapeutics (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●], 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 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**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* as 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.

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 2024 and 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.

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 I-[●] have been made.

Dividends

We refer to note 24 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]
Certified Public Accountants
Hong Kong
[●] 2026

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which form 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 as 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
Other income and gains	5	9,788	232,100
Administrative expenses		(22,707)	(115,917)
Research and development expenses		(213,331)	(213,340)
Other expenses	6	(11)	(2,824)
Fair value losses on convertible and redeemable preferred shares	21	(113,970)	(148,302)
Finance costs	7	(1,726)	(2,187)
Loss before tax	8	(341,957)	(250,470)
Income tax expense	11	–	(4,907)
Loss for the year attributable to owners of the parent		(341,957)	(255,377)
Other comprehensive (loss)/income for the year:			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of subsidiaries		(1,413)	2,525
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		(9,045)	19,670
Other comprehensive (loss)/income for the year, net of tax		(10,458)	22,195
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		(352,415)	(233,182)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted loss per share (in RMB)	12	(15.13)	(9.96)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	7,094	8,270
Right-of-use assets	*14*	9,125	5,300
Intangible assets	*15*	560	475
Other receivables, prepayments and other assets	*16*	1,200	17,848
Total non-current assets		17,979	31,893
CURRENT ASSETS			
Other receivables, prepayments and other assets	*16*	3,600	25,486
Cash and cash equivalents	*17*	192,583	1,172,622
Total current assets		196,183	1,198,108
CURRENT LIABILITIES			
Trade payables	*18*	3,273	9,272
Other payables and accruals	*19*	59,653	101,100
Interest-bearing bank borrowings	*20*	55,000	59,800
Lease liabilities	*14*	3,871	4,217
Tax payable		–	4,829
Convertible and redeemable preferred shares	*21*	857,666	1,318,517
Total current liabilities		979,463	1,497,735
NET CURRENT LIABILITIES		(783,280)	(299,627)
TOTAL ASSETS LESS CURRENT LIABILITIES		(765,301)	(267,734)
NON-CURRENT LIABILITIES			
Contract liabilities	*22*	–	667,736
Lease liabilities	*14*	6,001	1,701
Total non-current liabilities		6,001	669,437
NET LIABILITIES		(771,302)	(937,171)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*23*	15	23
Deficits		(771,317)	(937,194)
TOTAL DEFICITS		(771,302)	(937,171)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

		Attributable to owners of the parent					
	Note	**Ordinary shares**	**Share premium***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Accumulated losses***	**Total**
		RMB'000 *(note 23)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2024		15	96	23,994	(8,098)	(446,355)	(430,348)
Loss for the year		–	–	–	–	(341,957)	(341,957)
Exchange differences		–	–	–	(10,458)	–	(10,458)
Total comprehensive loss		–	–	–	(10,458)	(341,957)	(352,415)
Equity-settled share-based payment expenses	25	–	–	11,461	–	–	11,461
At 31 December 2024		15	96	35,455	(18,556)	(788,312)	(771,302)

Year ended 31 December 2025

		Attributable to owners of the parent					
	Note	**Ordinary shares**	**Share premium***	**Share-based payment reserve***	**Exchange fluctuation reserve***	**Accumulated losses***	**Total**
		RMB'000 *(note 23)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2025		15	96	35,455	(18,556)	(788,312)	(771,302)
Loss for the year		–	–	–	–	(255,377)	(255,377)
Exchange differences		–	–	–	22,195	–	22,195
Total comprehensive loss		–	–	–	22,195	(255,377)	(233,182)
Issue of shares		8	16,712	–	–	–	16,720
Equity-settled share-based payment expenses	25	–	–	50,593	–	–	50,593
At 31 December 2025		23	16,808	86,048	3,639	(1,043,689)	(937,171)

* These reserve accounts comprise the consolidated deficits of RMB771,317,000 and RMB937,194,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(341,957)	(250,470)
Adjustments for:			
Investment income	5	(560)	–
Fair value gains	5	–	(210,185)
Interest income	5	(8,801)	(21,762)
Finance costs	7	1,726	2,187
Depreciation of property, plant and equipment	13	2,406	2,812
Depreciation of right-of-use assets	14	3,730	3,738
Amortisation of intangible assets	15	100	117
Loss on disposal of items of property, plant and equipment	6	11	–
Fair value losses on convertible and redeemable preferred shares	21	113,970	148,302
Share-based payment expenses	25	11,461	50,593
Foreign exchange differences, net	5/6	(372)	2,824
		(218,286)	(271,844)
Decrease/(increase) in other receivables, prepayments and other assets		3,781	(14,418)
(Decrease)/increase in trade payables		(2,449)	6,170
Increase in other payables and accruals		27,988	37,957
Increase in contract liabilities		–	178,123
Cash used in operations		(188,966)	(64,012)
Interest received		8,801	21,762
Net cash flows used in operating activities		(180,165)	(42,250)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(2,974)	(4,126)
Purchase of items of other intangible assets		(60)	(42)
Proceeds from collection of time deposits with original maturity over three months		212,481	–
Proceeds from disposal of financial assets at fair value through profit or loss ("FVTPL")		–	713,752
Investment income received		5,081	–
Net cash flows from investing activities		214,528	709,584
CASH FLOWS FROM FINANCING ACTIVITIES			
New interest-bearing bank borrowings		70,000	104,600
Interest paid for bank borrowings		(863)	(1,601)
Repayment of bank borrowings		(15,000)	(99,800)
Principal portion of lease payments		(3,156)	(3,852)
Interest paid for lease liabilities		(863)	(586)
Payments for [**REDACTED**]	26	–	(5,808)
Proceeds from issuance of convertible and redeemable preferred shares	26	–	342,067
Net cash flows from financing activities		50,118	335,020
NET INCREASE IN CASH AND CASH EQUIVALENTS		84,481	1,002,354
Cash and cash equivalents at beginning of the year		104,235	192,583
Effect of foreign exchange rate changes, net		3,867	(22,315)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		192,583	1,172,622
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position	17	59,598	88,084
Time deposits with original maturity of less than three months	17	132,985	1,084,538
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		192,583	1,172,622

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2024	2025
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investments in subsidiaries	1	574,488	794,814
Other receivables, prepayments and other assets	16	–	159,427
Total non-current assets		574,488	954,241
CURRENT ASSETS			
Other receivables, prepayments and other assets	16	152	82,102
Cash and cash equivalents	17	152,564	1,116,190
Total current assets		152,716	1,198,292
CURRENT LIABILITIES			
Amounts due to subsidiaries	27	–	394,231
Other payables and accruals	19	–	6,755
Convertible and redeemable preferred shares	21	857,666	1,318,517
Total current liabilities		857,666	1,719,503
NET CURRENT LIABILITIES		(704,950)	(521,211)
TOTAL ASSETS LESS CURRENT LIABILITIES		(130,462)	433,030
NON-CURRENT LIABILITIES			
Contract liabilities	22	–	527,160
Total non-current liabilities		–	527,160
NET LIABILITIES		(130,462)	(94,130)
EQUITY			
Share capital	23	15	23
Deficits	24	(130,477)	(94,153)
TOTAL DEFICITS		(130,462)	(94,130)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION AND INTERIM FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Sirius Therapeutics was incorporated in the Cayman Islands on 14 May 2021, with its registered office located at Aequitas International Management Ltd., Grand Pavilion Commercial Centre, Suite 24, 802 West Bay Road, P.O. Box 10281, Grand Cayman KY1-1003, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the research and development ("R&D") of pharmaceutical products.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of entity	Place and date of incorporation/ registration and place of operations	Issued/registered ordinary share capital	Ownership interest held by the Company		Principal activities
			Direct	Indirect	
			%	%	
Sirius Therapeutic, Inc. ("Sirius US") *(a)*	United States of America ("US")/ 2 July 2021	United States Dollars ("USD")1	100%	–	R&D of pharmaceutical products
Sirius Therapeutics (HK) Limited ("Sirius HK") *(a)*	Hong Kong/ 29 December 2021	Hong Kong Dollars ("HKD")1	100%	–	Investment holding
Sirius Therapeutics (Australia) Pty. Ltd. ("Sirius AUS") *(a)*	Australia/ 10 October 2023	Australian Dollars ("AUD")1	100%	–	R&D of pharmaceutical products
Sirius Therapeutics (Shanghai) Co., Ltd.* ("Sirius Shanghai") *(b)* 靖因藥業(上海)有限公司	Chinese mainland/ 3 March 2022	USD30,000,000	–	100%	R&D of pharmaceutical products

Notes:

(a) No audited financial statements have been prepared for these entities for the years ended 31 December 2024 and 2025 as the entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(b) The statutory financial statements of this entity were prepared under China Accounting System for Business Enterprises ("PRC GAAP"). The statutory financial statements for the year ended 31 December 2024 were audited by Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所(特殊普通合夥)上海分所).

* The English name of this entity represents the best effort made by the directors of the Company to translate the Chinese name as this entity has not been registered with any official English name.

The investments in subsidiaries in the Company's statements of financial position represent:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Investments in subsidiaries, at cost	574,488	794,814

As at the end of each Relevant Periods, no impairment indicator was identified for the investments in subsidiaries, considering (i) the progress of all pipelines remains in line with expectations; (ii) no significant adverse changes in the operating environment, management stability and governance structure of these subsidiaries; and (iii) no plan for the discontinuation, restructuring or disposal of any of the subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, 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 have been consistently adopted by the Group in the preparation of the Historical Financial Information.

They have been prepared under the historical cost convention, except for convertible and redeemable preferred shares which have been measured at fair value.

Notwithstanding that the Group recorded net current liabilities of RMB299,627,000 and net liabilities of RMB937,171,000, respectively, as at 31 December 2025 and incurred recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis. The net current liabilities and net liabilities are primarily due to the presentation of the convertible and redeemable preferred shares as current liabilities, which will be converted into ordinary shares upon: (i) the request by the convertible and redeemable preferred shareholders; or (ii) the [**REDACTED**] of the Company's ordinary shares. In addition, contract liabilities of RMB667,736,000 primarily represent non-refundable consideration advanced by CRISPR, the realisation of which will be in the form of revenue rather than cash outflows, and accordingly do not give rise to any liquidity or going concern uncertainties. Meanwhile, the directors have reviewed the Group's cash flow projections, which cover a period of at least twelve months from 31 December 2025. The directors 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 31 December 2025.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the years ended 31 December 2024 and 2025. 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.

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. 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 derecognises the related assets (including goodwill), liabilities and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised 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.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026

2 Effective for annual/reporting periods beginning on or after 1 January 2027

3 No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's consolidated financial statements. The application of IFRS 18 will have no impact on the consolidated statement of financial position of the Group, but is expected to have impact on the presentation of the consolidated statement of profit or loss and other comprehensive income. Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's consolidated financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its convertible and redeemable preferred shares at the end of each of the Relevant Periods. 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 economic best interest.

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 in its highest and best use or by selling it to another market participant that would use the asset in 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), 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.

An impairment loss is recognised 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised 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

(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 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.

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:

Office equipment	22.5%
Furniture and fixtures	20%
Laboratory equipment	22.5%
Leasehold improvement	Shorter of remaining lease terms and estimated useful lives

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 financial year 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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. 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 financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 3 years.

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.

(a) Right-of-use assets

Right-of-use assets are recognised 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 recognised, 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:

Office premises	3 to 6 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 recognised 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 recognised 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.

(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 offices and dormitories (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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised 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 amortised cost.

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 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 order for a financial asset to be classified and measured at amortised cost, 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 amortised 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 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 recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

Financial assets at amortised cost

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

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.

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 recognises 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 recognised 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.

The Group considers a financial asset in default when contractual payments are 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.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings and convertible and redeemable preferred shares.

Subsequent measurement

Financial liabilities at amortised cost (borrowings and other payables and accruals)

After initial recognition, trade payables, other payables and accruals and interest-bearing bank borrowings 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.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include convertible and redeemable preferred shares which are designated upon initial recognition as at FVTPL.

Financial liabilities designated upon initial recognition as at FVTPL 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 FVTPL 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 profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash 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 at banks, and short-term deposits as defined above.

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 each of the Relevant Periods, 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:

- 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 carryforward 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 carryforward 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 recognised 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 utilised.

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 of the Relevant Periods 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 each 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 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.

Other income

Interest income is recognised 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 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).

Share-based payments

The Group operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of share options is determined by an external valuer using a binomial model, and the fair value of restricted shares is determined by an external valuer using the backsolve method to determine the total equity value of the Group and then equity allocation model to determine the fair value of the ordinary shares, further details of which are given in note 25 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods, until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The employees of the Group's subsidiary which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain percentage of its 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.

The subsidiary in the US maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

Subsequent events

If the Group receives information after each reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of each 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 each reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after each 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 functional currency of the Company is USD. The Historical Financial Information is presented in RMB, which is the currency used for the Group's major operations in Chinese mainland. 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 each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of these entities which arise throughout the year are translated into RMB at the average exchange rates for the reporting period.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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 recognised in the financial statements:

Research and development ("R&D") expenses

Development costs incurred on the Group's drug product pipelines are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make judgement regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were either research expenses or development costs incurred for products that the technical feasibility is uncertain and therefore were expensed when incurred.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatments 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 recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including 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 value of those cash flows.

As at 31 December 2024 and 2025, no indicators of impairment of non-financial assets of the Group were identified, given that (i) such assets of the Group were neither obsolete nor physically damaged, and (ii) the Group's operations and pipelines were making progress as planned and the losses incurred for the years ended 31 December 2024 and 2025 did not exceed the budgets for the same periods. The carrying amounts of non-financial assets are disclosed in notes 13, 14 and 15 to the Historical Financial Information.

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.

Research and development expenses

The Group relies on outsourced service providers to conduct, supervise, and monitor certain pre-clinical and clinical studies. Determining the amounts of research and development expenses incurred up to the end of each of the Relevant Periods requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with outsourced service providers using inputs such as the number of patient enrolments, time elapsed, visits completed and milestones achieved.

Fair value of convertible and redeemable preferred shares

The fair value of the convertible and redeemable preferred shares measured at FVTPL is determined using valuation techniques, including the discounted cash flow method and equity allocation model. Such valuation requires key assumptions including discounts for lack of marketability ("DLOM") and volatility, which are subject to market uncertainty. Improper application of such parameters might result in material differences from the actual results.

The fair values of convertible and redeemable preferred shares at 31 December 2024 and 2025 were RMB857,666,000 and RMB1,318,517,000, respectively. Further details are included in note 21 to the Historical Financial Information.

Fair value of share options and restricted share ("RS")

Estimating the fair value of share options requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the share price, risk-free interest rate and expected volatility. For the measurement of the fair value of share options with employees at the grant date, the Group uses a binomial model. For the measurement of the fair values of RS with employees at the grant date, the Group uses backsolve method to determine the total equity value of the Group and then equity allocation model to determine the fair value of the ordinary shares. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 25 to the Historical Financial Information.

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 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.

4. OPERATING SEGMENT INFORMATION

The Group is engaged in the R&D of pharmaceutical products, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Non-current assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Chinese mainland	4,031	2,955
US	12,748	11,090
Total non-current assets	16,779	14,045

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other income		
Investment income	560	–
Bank interest income	8,801	21,762
Others	–	153
Total other income	9,361	21,915
Gains		
Fair value gains on financial assets at FVTPL *(a)*	–	210,185
Foreign exchange gains, net	372	–
Others	55	–
Total gains	427	210,185
Total other income and gains	9,788	232,100

Note:

(a) During the year ended 31 December 2025, the Group recognised fair value gains of RMB210,185,000 in relation to CRISPR shares (note 22).

6. OTHER EXPENSES

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Foreign exchange losses – net	–	2,824
Loss on disposal of items of property, plant and equipment	11	–
Total	11	2,824

7. FINANCE COSTS

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest expense on lease liabilities	863	586
Interest expense on bank borrowings	863	1,601
Total	1,726	2,187

8. LOSS BEFORE TAX

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

		Year ended 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
Depreciation of property, plant and equipment	*13*	2,406	2,812
Depreciation of right-of-use assets	*14*	3,730	3,738
Amortisation of intangible assets	*15*	100	117
[**REDACTED**]		–	22,713
Lease payments not included in the measurement of lease liabilities	*14*	101	115
Auditors' remuneration		256	247
Foreign exchange differences, net	*5/6*	(372)	2,824
Investment income	*5*	(560)	–

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
Fair value gains on financial assets at FVTPL	5	–	(210,185)
Bank interest income	5	(8,801)	(21,762)
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 9))*:			
– Salaries, bonuses, allowances and benefits in kind		41,256	52,646
– Pension scheme contributions*		2,437	3,401
– Equity-settled share-based payment expenses		6,173	27,850
Total employee benefit expense (excluding directors' and chief executive's remuneration)		49,866	83,897

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods is as follows:

	Year ended 31 December 2024	2025
	RMB'000	RMB'000
Fees	356	448
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	4,839	7,583
Share-based payment expenses	5,288	22,743
Total	10,483	30,774

(a) An independent non-executive director

The fees paid and share-based payment expenses recognised to an independent non-executive director during the Relevant Periods were as follows:

	Year ended 31 December 2024	2025
	RMB'000	RMB'000
Dr. Douglas Mcintosh FAMBROUGH III		
Fees	356	448
Share-based payment expenses	386	673
Total	742	1,121

Dr. Douglas Mcintosh FAMBROUGH III was appointed as an independent non-executive director on 13 July 2022 and re-designated as a non-executive director on 26 September 2025.

Dr. Chris Xiangyang LU was appointed as an independent non-executive director on 26 September 2025 and will be effective as of the date of [**REDACTED**]. No fees and share-based payment expenses were paid to Dr. Chris Xiangyang LU during the Relevant Periods.

Ms. Christine Shaohua LU-Wong was appointed as an independent non-executive director which will be effective as of the date of [**REDACTED**]. No fees and share-based payment expenses were paid to Ms. Christine Shaohua LU-Wong during the Relevant Periods.

Dr. Paul Herbert CHEW M.D was appointed as an independent non-executive director which will be effective as of the date of [**REDACTED**]. No fees and share-based payment expenses were paid to Dr. Paul Herbert CHEW M.D during the Relevant Periods.

(b) Executive director, non-executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024				
Executive director and chief executive:				
Dr. JI Qunsheng *(i)*	4,839	–	4,902	9,741
Non-executive directors:				
Dr. WANG David Guowei *(ii)*	–	–	–	–
Dr. LI Wei *(iii)*	–	–	–	–
Mr. XU Diyong *(iv)*	–	–	–	–
Mr. YUAN Quanhong *(v)*	–	–	–	–
Total	4,839	–	4,902	9,741
Year ended 31 December 2025				
Executive director and chief executive:				
Dr. JI Qunsheng *(i)*	7,346	–	20,477	27,823
Non-executive directors:				
Dr. Douglas Mcintosh FAMBROUGH III *(vi)*	237	–	1,593	1,830
Dr. WANG David Guowei *(ii)*	–	–	–	–
Dr. LI Wei *(iii)*	–	–	–	–
Mr. XU Diyong *(iv)*	–	–	–	–
Mr. YUAN Quanhong *(v)*	–	–	–	–
Total	7,583	–	22,070	29,653

Notes:

(i) Dr. JI Qunsheng was appointed as the chief executive of the Company on 7 August 2022 and was appointed as an executive director of the Company on 12 October 2022.

(ii) Dr. WANG David Guowei was appointed as a non-executive director of the Company on 30 June 2021.

(iii) Dr. LI Wei was appointed as a non-executive director of the Company on 14 May 2021.

(iv) Mr. XU Diyong was appointed as a non-executive director of the Company on 30 June 2021.

(v) Mr. YUAN Quanhong was appointed as a non-executive director of the Company on 12 June 2023.

(vi) Dr. Douglas Mcintosh FAMBROUGH III was appointed as a non-executive director of the Company on 26 September 2025.

During the Relevant Periods, certain restricted shares and share options were granted to the chief executive and the independent non-executive director of the Group under the share incentive scheme, in respect of their services to the Group, further details of which are included in the disclosures in note 25 to the Historical Financial Information. The fair value of such restricted shares and share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods are included in the above directors' and chief executive remuneration disclosures.

There was no arrangement under which directors or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees during the years ended 31 December 2024 and 2025 included one and two director, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four and three highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	9,817	12,327
Pension scheme contributions	98	190
Share-based payment expenses	3,760	19,038
Total	13,675	31,555

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	
	2024	2025
HKD2,500,001 to HKD3,000,000	2	–
HKD3,500,001 to HKD4,000,000	–	1
HKD4,000,001 to HKD4,500,000	1	–
HKD5,000,001 to HKD5,500,000	1	–
HKD15,000,001 to HKD15,500,000	–	2
Total	4	3

During the Relevant Periods, certain restricted shares and share options were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 25 to the Historical Financial Information. The fair value of such restricted shares and share options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSE

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(341,957)	(250,470)
Tax calculated at Chinese mainland tax rate of 25%	(85,489)	(62,618)
Effect of different tax rates enacted by local authorities	22,077	33,294
Expenses not deductible for tax	3,367	14,012
Temporary differences and tax loss not recognised	83,151	101,469
Additional deductible allowance for qualified research and development expenses	(23,106)	(4,323)
Tax losses utilised from previous periods	–	(76,927)
Total	–	4,907

Current 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.

(a) Cayman Islands income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

No provision for Hong Kong profits tax has been provided as Sirius Therapeutics (HK) Limited had no assessable profits arising in Hong Kong during the Relevant Periods.

(c) Chinese mainland corporate income tax

The subsidiary incorporated in Chinese mainland is subject to income tax at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law") during the Relevant Periods.

(d) US corporate income tax

The subsidiary incorporated in San Diego, the United States, was subject to statutory US Federal corporate income tax at a rate of 21% and the state income tax at a rate of 8.84%.

No provision for US corporate income tax was provided for as there were no assessable profits arising in the US during the Relevant Periods.

(e) ***Australia corporate income tax***

The subsidiary incorporated in Australia was subject to a base income tax rate of 25% on the estimated assessable profits during the Relevant Periods.

(f) Deferred tax assets not recognised:

The Group has not recognised any deferred tax assets in respect of the following items:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Deductible temporary differences	(9,271)	(17,557)
Tax losses	(729,180)	(751,327)
Total	(738,451)	(768,884)

(g) Tax losses that are not recognised as deferred tax assets will expire as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
2027	(32,326)	–
2028	(112,608)	–
2029	(210,627)	(60,400)
Indefinite	(373,619)	(690,927)
Total	(729,180)	(751,327)

The tax losses of the Company's subsidiary in Chinese mainland amounting to RMB60,400,000 will expire within five years. The tax losses of the Company's other subsidiaries amounting to RMB690,927,000 can be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

(h) For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Gross deferred tax assets at end of the year – lease liabilities	2,573	1,473
Gross deferred tax liabilities at end of the year – right-of-use assets	(2,573)	(1,473)
Net deferred tax recognised	–	–

12. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share during the Relevant Periods is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue.

As the dilution impact of share options, restricted shares and convertible and redeemable preferred shares had an anti-dilutive effect, no adjustment has been made on the basic loss per share amounts presented for the Relevant Periods.

	Year ended 31 December	
	2024	2025
Loss for the year attributable to ordinary equity holders of the parent (in RMB'000)	(341,957)	(255,377)
Weighted average number of ordinary shares (in '000)	22,600	25,650
Basic and diluted loss per share (in RMB per share)	(15.13)	(9.96)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement	Laboratory equipment	Furniture and fixtures	Office equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024					
Cost	860	7,888	240	556	9,544
Accumulated depreciation	(186)	(2,667)	(63)	(178)	(3,094)
Net carrying amount	674	5,221	177	378	6,450
As at 31 December 2024					
Opening net carrying amount	674	5,221	177	378	6,450
Exchange realignment	–	84	–	3	87
Additions	–	2,862	28	84	2,974
Disposals	–	(11)	–	–	(11)
Depreciation charges	(145)	(2,080)	(54)	(127)	(2,406)
Net carrying amount	529	6,076	151	338	7,094
As at 31 December 2024					
Cost	860	10,874	268	646	12,648
Accumulated depreciation	(331)	(4,798)	(117)	(308)	(5,554)
Net carrying amount	529	6,076	151	338	7,094
At 1 January 2025					
Cost	860	10,874	268	646	12,648
Accumulated depreciation	(331)	(4,798)	(117)	(308)	(5,554)
Net carrying amount	529	6,076	151	338	7,094
As at 31 December 2025					
Opening net carrying amount	529	6,076	151	338	7,094
Exchange realignment	–	(134)	–	(4)	(138)
Additions	–	4,032	–	94	4,126
Depreciation charges	(146)	(2,468)	(60)	(138)	(2,812)
Net carrying amount	383	7,506	91	290	8,270
As at 31 December 2025					
Cost	860	14,772	268	736	16,636
Accumulated depreciation	(477)	(7,266)	(177)	(446)	(8,366)
Net carrying amount	383	7,506	91	290	8,270

14. LEASES

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	Office premises
	RMB'000
As at 1 January 2024	12,751
Depreciation charge	(3,730)
Exchange realignment	104
As at 31 December 2024	9,125
Depreciation charge	(3,738)
Exchange realignment	(87)
As at 31 December 2025	5,300

(b) Lease liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at 1 January	12,917	9,872
Accretion of interest recognised during the year	863	586
Payments	(4,019)	(4,438)
Exchange realignment	111	(102)
Carrying amount at 31 December	9,872	5,918
Analysed into:		
Current portion	3,871	4,217
Non-current portion	6,001	1,701

The maturity analysis of lease liabilities is as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Present value of lease liabilities	9,872	5,918
Less: Current portion lease liabilities	3,871	4,217
Non-current portion of lease liabilities	6,001	1,701
– Within 1 year	3,871	4,217
– Between 1 and 2 years	4,598	1,223
– Between 2 and 5 years	1,403	478
Present value of lease liabilities	9,872	5,918

Lease liabilities were discounted at incremental borrowing rates of the Group entities.

(c) Amounts recognised in the consolidated statements of profit or loss and other comprehensive income

The consolidated statements of profit or loss and other comprehensive income contain the following amounts relating to leases:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets *(note 14)*	3,730	3,738
Interest expenses *(note 7)*	863	586
Expenses relating to short-term lease and low-value lease expenses	101	115
Total amount recognised in profit or loss	4,694	4,439

(d) The total cash outflows for leases are disclosed in note 26(c) to the Historical Financial Information.

15. INTANGIBLE ASSETS

	Software
	RMB'000
As at 1 January 2024	
Cost	779
Accumulated amortisation	(186)
Net carrying amount	593
As at 31 December 2024	
Opening net carrying amount	593
Additions	60
Amortisation provided during the year	(100)
Exchange realignment	7
Net carrying amount	560

	Software
	RMB'000
As at 31 December 2024	
Cost	850
Accumulated amortisation	(290)
Net carrying amount	560
As at 31 December 2025	
Opening net carrying amount	560
Additions	42
Amortisation provided during the year	(117)
Exchange realignment	(10)
Net carrying amount	475
As at 31 December 2025	
Cost	876
Accumulated amortisation	(401)
Net carrying amount	475

16. OTHER RECEIVABLES, PREPAYMENTS AND OTHER ASSETS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Rental deposit	1,200	1,180
Amounts due from related parties *(note 27)*	–	16,668
Subtotal	1,200	17,848
Current:		
Other receivables	1,090	335
Receivables of reimbursable R&D expenses *(a)*	–	12,466
Deferred [**REDACTED**]	–	7,450
Prepaid R&D expenses	1,858	4,055
Other prepayments	652	1,180
Subtotal	3,600	25,486
Total	4,800	43,334

Notes:

(a) It represents the receivables entitled for reimbursable R&D expenses in relation to the development of the Collaboration Product under the CRISPR Agreement.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Amount due from a subsidiary	–	142,759
Amounts due from related parties *(note 27)*	–	16,668
Subtotal	–	159,427
Current:		
Amount due from a subsidiary	–	74,505
Deferred [**REDACTED**]	–	7,450
Other prepayments	152	147
Subtotal	152	82,102
Total	152	241,529

None of the above assets is past due. The financial assets included in the above balances measured at amortised cost for which there was no history of default and the expected credit loss rates are considered immaterial.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above.

The carrying amounts of the Group's deposits and other receivables approximate to their fair values.

17. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	59,598	88,084
Time deposits with original maturity date less than three months	132,985	1,084,538
Cash and cash equivalents	192,583	1,172,622
Denominated in		
– RMB	13,446	21,451
– USD	179,082	1,147,224
– AUD	55	3,947
Total cash and cash equivalents	192,583	1,172,622

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	19,579	31,652
Time deposits with original maturity date less than three months	132,985	1,084,538
Cash and cash equivalents	152,564	1,116,190
Denominated in		
– USD	152,564	1,116,190
Total cash and cash equivalents	152,564	1,116,190

The carrying amount of cash and bank balances approximates to their fair value. The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and 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 and bank balances earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18. TRADE PAYABLES

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	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	3,273	9,272

Note: The trade payables are non-interest-bearing and have a credit term of 30 to 90 days.

19. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Accruals for R&D expenses	50,640	70,093
Payroll payable	7,836	16,837
Professional service expenses	779	2,023
Accruals and payables for [**REDACTED**]	–	6,570
Other tax payables	32	5,242
Others	366	335
Total	59,653	101,100

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Accruals and payables for [**REDACTED**]	–	6,570
Others	–	185
Total	–	6,755

20. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2024		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Unsecured bank borrowings	3.05%	2025	25,000
Unsecured bank borrowings	3.45%	2025	20,000
Guaranteed bank borrowings *(a)*	3.50%	2025	10,000
Total			55,000

	As at 31 December 2025		
	Effective interest rate	Maturity	
	(%)		*RMB'000*
Unsecured bank borrowings	3.20%	2026	40,000
Unsecured bank borrowings	3.00%	2026	10,000
Unsecured bank borrowings	2.80%	2026	9,800
Total			59,800

Note:

(a) The balances were guaranteed by Shanghai Policy Financing Guarantee Fund Management Center for Small and Medium-sized Enterprises.

21. CONVERTIBLE AND REDEEMABLE PREFERRED SHARES

The Company was established under the laws of the Cayman Islands in May 2021 and raised several rounds of external financing, including the following:

In November 2021, the Company entered into investment agreements with series A-1 investors, pursuant to which the investors agreed to subscribe for 36,000,000 preferred shares of the Company for a consideration of USD36,000,000 (referred to as "Series A-1 Investment").

In July 2022, the Company entered into investment agreements with series A-2 investors, pursuant to which the investors agreed to subscribe for 500,000 preferred shares of the Company for a consideration of USD500,000 (referred to as "Series A-2 Investment").

In June and September 2023, the Company entered into investment agreements with series B-1 investors, pursuant to which the investors agreed to subscribe for 40,057,144 preferred shares of the Company for a consideration of USD60,000,000 (referred to as "Series B-1 Investment").

In April 2025, the Company entered into investment agreements with series B-2 investors, pursuant to which the investors agreed to subscribe for 26,498,776 preferred shares of the Company for a consideration of USD47,500,000 (referred to as "Series B-2 Investment"). The aforementioned investors are collectively referred to as "Preferred Shares Holders", and the aforementioned investments are collectively referred to as the "Preferred Shares".

Pursuant to the Memorandum and Articles of Association of the Company, major special rights of the Preferred Shares are summarised below.

Redemption

Preferred shares issued by the Company shall be redeemable by the Company upon the occurrence of certain uncontrollable redemption events, including failure to complete a qualified [**REDACTED**] by 31 December 2028 and any subsidiaries of the Group or management shareholders' failure to keep their integrity from certain perspectives, in which the Company are obliged to deliver cash to Preferred Shares Holders. The redemption price will be the original issue price of the Preferred Shares, plus interest calculated at a simple interest rate of ten percent.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company and/or any other subsidiaries and any deemed liquidation events, either voluntary or involuntary, all assets and funds of the Company legally available for distributions to the members of the Company shall be made in the following manner: first to series B (including Series B-1 and B-2) investors, second to series A (including Series A-1 and A-2) investors and third to ordinary shareholders on a pro rata basis.

The liquidation price is determined by the higher of: (i) 100% of the original issue price of the Preferred Shares, plus interest calculated at a simple interest rate of ten percent, and plus all declared but unpaid dividends thereon; and (ii) its pro rata portion of all assets and funds of the Company legally available for distribution calculated as if the distributions were to be made directly and ratably among the shareholders of the Company on a fully diluted and as-converted basis. In the event where the Company has insufficient assets to permit payment of the liquidation amount in full to all holders of Preferred Shares, the assets of the Company shall be distributed ratably to the holders of Preferred Shares in proportion to the full liquidation amount each such holder would otherwise be entitled to receive.

Conversion right

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Share as determined by dividing the relevant issue price by the then-effective conversion price, or will be converted automatically upon the closing of a qualified [**REDACTED**] into ordinary shares on a one to one basis. The then-effective conversion price is subject to adjustment upon the issuance of additional shares below the conversion price.

Presentation and classification

The Group had consistently designated Preferred Shares as financial liabilities at FVTPL as i) not all redemption events are within the control of the Company and could happen any time when the event is triggered; ii) not all deemed liquidation events are within the control of the Company and could happen any time when the event is triggered, and iii) Preferred Shares Holders may request to exercise their conversion rights at a conversion price that is subject to adjustment which may result in delivery of variable number of equity instrument of the Company, hence, these financial instruments did not meet the definition of equity. Any changes in the carrying amount of the financial liabilities were recorded in fair value changes in profit or loss.

Preferred Shares as at 31 December 2024 and 2025 are classified as current liabilities as i) redemption events and deemed liquidation events can happen any time and ii) Preferred Shares Holders can opt to convert such instruments into ordinary shares at any time after the date of issuance.

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Convertible and redeemable preferred shares – current	857,666	1,318,517

The movements of convertible and redeemable preferred shares are set out below:

The Group and the Company

	Convertible and redeemable preferred shares
	RMB'000
As at 1 January 2024	731,709
Changes in fair value	113,970
Exchange realignment	11,987
As at 31 December 2024 and 1 January 2025	857,666
New issue	342,067
Changes in fair value	148,302
Exchange realignment	(29,518)
As at 31 December 2025	1,318,517

In 2024 and 2025, the Company has used the discounted cash flow method to determine the underlying equity value of the Group and adopted the equity allocation model to determine the fair value of the convertible and redeemable preferred shares.

Key assumptions are set out below:

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Risk-free interest rate	4.33%	3.61%
DLOM	24%	17%
Volatility	65%	69%

The Company estimated the risk-free interest rate based on the yield of the US Government Bonds with maturities close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the discount for lack of marketability. Volatility was estimated based on annualised standard deviation of daily share price returns of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities categorised 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 fair value	
		As at 31 December	
		2024	2025
		RMB'000	RMB'000
DLOM	1%/(1%)	(11,345)/11,345	(15,920)/15,920
Volatility	1%/(1%)	(363)/363	(1,982)/436

22. CONTRACT LIABILITIES

The Group and the Company have recognised the following liabilities related to contract with a customer:

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Advances received from a customer		
CRISPR Agreement – non-current	–	667,736

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Advances received from a customer		
CRISPR Agreement – non-current	–	527,160

Note: On 19 May 2025, the Group entered into a collaboration agreement, or the CRISPR Agreement, with CRISPR, pursuant to which, among other things, (1) CRISPR will collaborate on the research, development, manufacture, commercialisation and use of certain collaboration products of the Group, collectively, the Collaboration Products; and (2) the Group granted to CRISPR options to exclusively license up to two licensed targets of the Group from a list of reserved targets for the research, development, manufacture and commercialisation, collectively, the Licensed Products.

With respect to the Collaboration Products, the Group and CRISPR will share equally all development and commercialisation costs. The Group and CRISPR will share equally net profits and net losses incurred under the CRISPR Agreement with respect to all Collaboration Products, except in the event that a party opts out of the joint development and commercialisation. In return, the Group received an upfront cash payment of USD15,000,000 and 1,842,105 ordinary shares of CRISPR with a fair market value approximate to USD70,000,000 on the date of the CRISPR Agreement. The Company will further receive certain specified future development and regulatory milestones of up to an aggregate of USD87,500,000.

With respect to the Licensed Products, CRISPR is solely responsible for all research, development, manufacturing and global commercialisation activities and associated costs for the Licensed Products, as well as all associated costs related to the Group's activities set forth in any applicable research plan relating thereto. In return, the Group received an upfront cash payment of USD10,000,000 on the date of the CRISPR Agreement. If CRISPR elects to exercise its option to a licensed target to research, develop, manufacture and commercialise Licensed Products, CRISPR will make an additional one-time USD10,000,000 payment for the exercise of each of the two options to the Group. In addition, CRISPR will pay the Group certain specified future development, regulatory and sales milestones of up to an aggregate of USD300,000,000 for the first Licensed Product relating to each licensed target to achieve the applicable milestone events, as well as tiered royalty payments in the mid-single digits to low double digits range on future sales of a commercialised Licensed Product. The royalty payments are subject to reduction under certain specified conditions set forth in the CRISPR Agreement.

As of 31 December 2025, contract liabilities include the non-refundable upfront payments mentioned above. The upfront payments are restricted by the terms in the CRISPR Agreement and are not expected to be realised within one year. The amounts disclosed above do not include variable consideration which is constrained.

23. SHARE CAPITAL

The Group and the Company

Authorised:

	As at 31 December	
	2024	2025
	Number of shares	*Number of shares*
Ordinary shares of USD0.0001 each	423,442,856	396,944,080
Preferred shares of USD0.0001 each	76,557,144	103,055,920
Total	500,000,000	500,000,000

Issued and fully paid:

Ordinary shares of USD0.0001 each

	Number of shares in issue	Share capital	
		USD'000	*RMB'000*
At 1 January and 31 December 2024, and 1 January 2025	22,600,000	2	15
Issue of shares *(a)*	11,476,497	1	8
At 31 December 2025	34,076,497	3	23

Note:

(a) Pursuant to the board resolution passed on 26 September 2025, the Company granted an additional 7,401,499 restricted shares, with a price of USD0.28 per share, to every eligible participants. Meanwhile, a total of 4,074,998 shares were issued upon the exercise of share options and conversion of share options to RS by certain participants under the 2021 employee incentive scheme.

24. DEFICITS

The Group

The amounts of the Group's deficits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

Share premium

The share premium of the Group represents the difference between cash consideration received for the issue of ordinary share and its par value.

Share-based payment reserve

The share-based payment reserve of the Group represents the share-based payments reserve arising from equity-settled share options and RS.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

Dividends

No dividend was declared or paid by the Company during the Relevant Periods.

The Company

	Share premium	Share-based payments reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	96	23,994	(7,914)	(44,030)	(27,854)
Loss for the year	–	–	–	(105,039)	(105,039)
Exchange differences	–	–	(9,045)	–	(9,045)
Share-based payments	–	11,461	–	–	11,461
Balance at 31 December 2024	96	35,455	(16,959)	(149,069)	(130,477)
Balance at 1 January 2025	96	35,455	(16,959)	(149,069)	(130,477)
Loss for the year	–	–	–	(50,651)	(50,651)
Exchange differences	–	–	19,670	–	19,670
Issue of shares	16,712	–	–	–	16,712
Share-based payments	–	50,593	–	–	50,593
Balance at 31 December 2025	16,808	86,048	2,711	(199,720)	(94,153)

25. SHARE-BASED PAYMENTS

2021 Employee Incentive Scheme

In order to motivate the eligible participants to optimise their performance for the benefit of the Group, and attract and retain or otherwise maintain an on-going working relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group, the Group adopted a share incentive scheme in September 2021 ("2021 Employee Incentive Scheme").

In 2024, pursuant to the 2021 Employee Incentive Scheme, the Company granted a total of 1,657,131 share options to certain employees, with an exercise price of USD0.18 per share ("Batch 2024"). In 2025, pursuant to the 2021 Employee Incentive Scheme, the Company granted a total of 4,128,064 share options and 7,401,499 RS to certain employees, respectively, with an exercise price of USD0.28 per share ("Batch 2025"). The Company also converted a total of 1,103,644 share options held by several employees into RS in September 2025.

Such share options and RS have a vesting period of 48 months with either 1/48 vested at the end of each month since the vesting commencement date, or 1/4 vested on the first anniversary since the vesting commencement date and 1/48 vested at each successive monthly anniversary for the rest of the 36 months. Each option and RS give the holder the right to subscribe for one ordinary share of the Company.

The following share options were outstanding under the 2021 Employee Incentive Scheme as at 31 December 2024 and 2025:

	As at 31 December			
	2024		2025	
	Weighted average exercise price	Number of share options	Weighted average exercise price	Number of share options
	RMB per share		*RMB per share*	
Outstanding as at beginning of the year	0.42	[REDACTED]	0.59	[REDACTED]
Transferred to RS during the year	–	[REDACTED]	0.50	[REDACTED]
Exercised during the year	–	[REDACTED]	0.50	[REDACTED]
Granted during the year	1.28	[REDACTED]	1.99	[REDACTED]
Outstanding as at the end of the year	0.59	[REDACTED]	1.32	[REDACTED]
Exercisable as at the end of the year	0.41	[REDACTED]	0.75	[REDACTED]

The number of share options outstanding, exercise prices, and fair value at grant date as at 31 December 2024 and 2025 are as follows:

As at 31 December 2024

Number of share options outstanding	Exercise price	Fair value of option at grant date	Exercise period
	RMB per share	*RMB per share*	
[REDACTED]	0.06	5.50	23 September 2022 to 23 September 2031
[REDACTED]	0.44-0.50	5.21-5.56	31 March 2023 to 23 October 2032
[REDACTED]	0.47-1.29	5.25-7.09	20 August 2023 to 8 April 2033
[REDACTED]	1.27-1.29	6.65-7.98	2 February 2024 to 8 April 2034
[REDACTED]			

As at 31 December 2025

Number of share options outstanding	Exercise price	Fair value of option at grant date	Exercise period
	RMB per share	*RMB per share*	
[REDACTED]	0.06	5.50	23 September 2022 to 23 September 2031
[REDACTED]	0.44-0.50	5.21-5.56	31 March 2023 to 23 October 2032
[REDACTED]	0.47-1.29	5.25-7.09	20 August 2023 to 8 April 2033
[REDACTED]	1.27-1.29	6.65-7.98	2 February 2024 to 8 April 2034
[REDACTED]	1.99	7.68-8.18	26 September 2025 to 25 September 2035
[REDACTED]			

The following RS were outstanding under the 2021 Employee Incentive Scheme as at 31 December 2025:

	As at 31 December 2025	
	Issue price RMB per share	Number of RS
Outstanding as at beginning of the year		
Transferred from share options during the year	0.50	1,103,644
Granted during the year	1.99	7,401,499
Vested during the year	1.99	(1,870,837)
Outstanding as at the end of the period	1.74	6,634,306

The number of RS outstanding and fair value at grant date as at 31 December 2025 are as follows:

Number of RS outstanding	Fair value of RS at grant date	Restriction period
	RMB per share	
1,103,644	5.50	26 September 2025 to 13 October 2026
5,530,662	7.57	26 September 2025 to 25 September 2029
6,634,306		

The fair value of RS and share options was estimated as at the grant date, using the discounted cash flow or backsolve method to determine the total equity value of the Group and then equity allocation model to determine the fair value of the ordinary shares, and using a binomial model to determine the fair value of share options, taking into account the terms and conditions upon which the RS and share options were granted. The following table lists the inputs to the model used:

	Batch 2024	Batch 2025
Share price (RMB per share)	7.76-8.55	9.56
Risk-free interest rate	3.81-4.36%	4.19%
Expected volatility	77.5%-78%	78.50%

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. Options and unvested RS do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The Group accounts for the 2021 Employee Incentive Scheme as an equity-settled share-based expenses. During the Relevant Periods, the Group recognised share-based payment expenses of RMB11,461,000 and RMB50,593,000, respectively.

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

– ***Recognition of financial assets at FVTPL***

During the year ended 31 December 2025, the Group had non-cash additions to financial assets at FVTPL and contract liabilities of RMB503,567,000 (Note 22) in respect of CRISPR Agreement. The financial assets at FVTPL were fully disposed as at 31 December 2025.

– ***Recognition of amounts due from related parties***

During the year ended 31 December 2025, the Group had non-cash additions to amounts due from related parties, ordinary shares and share premium of RMB16,720,000 (Note 27(b)) in respect of the exercise of 2,971,354 share options, transfer of 1,103,644 share options into RS and the grant of 7,401,499 RS (Note 25).

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Convertible and redeemable preferred shares	Borrowings and interest payables
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	12,917	731,709	–
Changes from financing cash flows	(4,019)	–	54,137
Fair value changes	–	113,970	–
Exchange alignment	111	11,987	–
Interest expenses	863	–	863
At 31 December 2024	9,872	857,666	55,000

	Lease liabilities	Convertible and redeemable preferred shares	Borrowings and interest payables	Accrued [REDACTED] in other payables and accruals
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	9,872	857,666	55,000	–
Changes from financing cash flows	(4,438)	342,067	3,199	(5,808)
Fair value changes	–	148,302	–	–
Exchange alignment	(102)	(29,518)	–	–
[**REDACTED**]	–	–	–	30,163
Interest expenses	586	–	1,601	–
Changes from operating cash flows	–	–	–	(17,785)
At 31 December 2025	5,918	1,318,517	59,800	6,570

(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	
	2024	2025
	RMB'000	*RMB'000*
Within operating activities	101	115
Within financing activities	4,019	4,438
Total	4,120	4,553

27. RELATED PARTY TRANSACTIONS

The directors are of the view that the following parties are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
Dr. JI Qunsheng	Key management personnel
Dr. Curt William BRADSHAW	Key management personnel
Dr. YUE Patrick	Key management personnel
Mr. Hailei Lu	Key management personnel

(b) Outstanding balances with related parties

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-trade related:		
Amounts due from key management personnels	–	16,668

Note: The Company provided 2-year promissory notes to certain key management personnels to facilitate their subscription of the Company's restricted shares units and exercise of share options. The promissory notes bear an interest rate at 3.5% per annum.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade related:		
Amount due from a subsidiary:		
Sirius US	–	217,264
Trade related:		
Amounts due to subsidiaries:		
Sirius Shanghai	–	342,791
Sirius US	–	15,547
Sirius Australia	–	35,893
Total	–	394,231

The amount due from a subsidiary is unsecured, interest free and repayable by instalments (USD11,900,000 payable on 31 December 2026, USD10,800,000 payable on 31 December 2027 and USD10,100,000 payable on 31 December 2028), and the amounts due to subsidiaries are unsecured, interest free and repayable on demand.

(c) Key management compensation

Compensation for key management is set out below.

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	10,287	18,857
Pension scheme contributions	98	198
Share-based payment expenses	8,228	42,221
Total	18,613	61,276

28. 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:

The Group

Financial assets	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at amortised cost:		
Financial assets included in other receivables, prepayments and other assets	2,290	30,649
Cash and cash equivalents	192,583	1,172,622
Total	194,873	1,203,271

Financial liabilities	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at FVTPL:		
Convertible and redeemable preferred shares	857,666	1,318,517
Financial liabilities at amortised cost:		
Trade payables	3,273	9,272
Financial liabilities included in other payables and accruals	51,785	79,021
Interest-bearing bank borrowings	55,000	59,800
Total	110,058	148,093

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

An analysis of the fair value measurement of financial instruments as at the end of each of the Relevant Periods is as follows:

Fair value hierarchy

Liabilities measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible and redeemable preferred shares .	–	–	857,666	857,666

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Convertible and redeemable preferred shares .	–	–	1,318,517	1,318,517

During the Relevant Periods, 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.

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

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Financial risk factors

The Group's principal financial instruments comprise convertible and redeemable preferred shares, interest-bearing bank borrowings and cash and bank balances and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as financial assets included in other receivables, prepayments and other assets and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings, other financial liabilities and lease liabilities.

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:

	On demand and less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024				
Trade payables	3,273	–	–	3,273
Financial liabilities included in other payables and accruals	51,785	–	–	51,785
Interest-bearing bank borrowings	55,450	–	–	55,450
Convertible and redeemable preferred shares	814,039	–	–	814,039
Lease liabilities.	4,531	4,638	1,763	10,932
Total	929,078	4,638	1,763	935,479

	On demand and less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025				
Trade payables	9,272	–	–	9,272
Financial liabilities included in other payables and accruals	79,021	–	–	79,021
Interest-bearing bank borrowings	60,998	–	–	60,998
Convertible and redeemable preferred shares	1,238,145	–	–	1,238,145
Lease liabilities	4,485	1,267	483	6,235
Total	1,391,921	1,267	483	1,393,671

30.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities to continue as a going concern and to maintain healthy cashflows in order to support its business and maximise shareholders' value.

The Group regards equity attributable to owners of the parent as capital to manage its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods.

31. SUBSEQUENT EVENTS

No significant event has occurred to the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.

32. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.