The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BINHUI BIOPHARMACEUTICAL CO., LTD., HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, CMB INTERNATIONAL CAPITAL LIMITED AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of Binhui Biopharmaceutical Co., Ltd. (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 December 31, 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 December 31, 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* 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 December 31, 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 [•] have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,	
		2024	2025
	Notes	*RMB'000*	*RMB'000*
REVENUE	5	1,725	884
Cost of sales		(525)	(585)
Gross profit		1,200	299
Other income and gains	6	22,425	14,909
Research and development expenses		(102,844)	(84,301)
Administrative expenses		(33,194)	(51,686)
Other expenses	8	(101)	(56)
Finance costs	7	(617)	(117)
LOSS BEFORE TAX	9	(113,131)	(120,952)
Income tax (expense)/credit	12	(15)	24
LOSS FOR THE YEAR		(113,146)	(120,928)
Attributable to:			
Owners of the Company		(112,798)	(120,598)
Non-controlling interests		(348)	(330)
		(113,146)	(120,928)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of financial assets at fair value through other comprehensive income		(12,475)	(531)
Income tax effect		1,310	(310)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(11,165)	(841)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(124,311)	(121,769)
Attributable to:			
Owners of the Company		(123,963)	(121,439)
Non-controlling interests		(348)	(330)
		(124,311)	(121,769)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)			
Basic and diluted	14	(0.75)	(0.80)

For the details of Pre-[REDACTED] Investments, please refer to note 27 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2024 RMB'000	As at December 31, 2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	219,815	264,382
Right-of-use assets	16	21,003	20,348
Prepayments, other receivables and other assets	20	22,840	32,465
Deferred tax assets	26	—	1
Financial assets at fair value through other comprehensive income	17	2,858	2,328
Financial assets at fair value through profit or loss	22	2,876	2,905
Time deposits	21	142,279	31,173
Total non-current assets		411,671	353,602
CURRENT ASSETS			
Inventories	18	1,534	1,597
Trade receivables	19	154	84
Contract assets		745	849
Prepayments, other receivables and other assets	20	13,111	20,198
Financial assets at fair value through profit or loss	22	110,115	76,262
Pledged deposits	21	17,473	—
Time deposits	21	—	146,812
Cash and cash equivalents	21	215,713	125,622
Total current assets		358,845	371,424
CURRENT LIABILITIES			
Trade and other payables	23	70,165	69,938
Contract liabilities		—	678
Interest-bearing bank borrowings	24	—	10,654
Lease liabilities	16	292	178
Total current liabilities		70,457	81,448
NET CURRENT ASSETS		288,388	289,976
TOTAL ASSETS LESS CURRENT LIABILITIES		700,059	643,578

	Notes	**As at December 31, 2024** *RMB'000*	**As at December 31, 2025** *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	51,120	100,695
Deferred income	25	12,096	13,028
Lease liabilities	16	61	118
Deferred tax liabilities	26	20	307
Total non-current liabilities		63,297	114,148
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	150,938	150,938
Reserves	28	484,272	377,270
		635,210	528,208
Non-controlling interests		1,552	1,222
Total equity		636,762	529,430

For the details of Pre-[REDACTED] Investments, please refer to note 27 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2024

	Attributable to owners of the Company							
	Share capital	Share premium*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	150,938	940,196	14,238	7,063	(363,214)	749,221	1,900	751,121
Loss for the year	—	—	—	—	(112,798)	(112,798)	(348)	(113,146)
Other comprehensive income for the year:								
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	(11,165)	—	(11,165)	—	(11,165)
Total comprehensive loss for the year	—	—	—	(11,165)	(112,798)	(123,963)	(348)	(124,311)
Share-based payment compensation *(note 29)*	—	—	9,952	—	—	9,952	—	9,952
At December 31, 2024	150,938	940,196	24,190	(4,102)	(476,012)	635,210	1,552	636,762

Year ended December 31, 2025

	Attributable to owners of the Company							
	Share capital	Share premium*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	150,938	940,196	24,190	(4,102)	(476,012)	635,210	1,552	636,762
Loss for the year	—	—	—	—	(120,598)	(120,598)	(330)	(120,928)
Other comprehensive income for the year:								
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	(841)	—	(841)	—	(841)
Total comprehensive loss for the year	—	—	—	(841)	(120,598)	(121,439)	(330)	(121,769)
Share-based payment compensation *(note 29)*	—	—	14,437	—	—	14,437	—	14,437
At December 31, 2025	150,938	940,196	38,627	(4,943)	(596,610)	528,208	1,222	529,430

* These accounts comprised the reserves of RMB484,272,000 and RMB377,270,000 in the consolidated statement of financial position as at December 31, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,	
		2024	2025
	Notes	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(113,131)	(120,952)
Adjustments for:			
Finance costs	7	617	117
Bank interest income	6	(12,125)	(4,992)
Interest income from third-party loans		—	(54)
Foreign exchange losses, net	8	59	25
Loss on disposal of items of property, plant and equipment	8	12	6
Loss on lease termination	8	—	1
Fair value gains on financial assets at fair value through profit or loss	6	(2,777)	(4,428)
Depreciation of property, plant and equipment	9	5,519	7,816
Depreciation of right-of-use assets	9	653	729
Reversal of impairment of financial assets, net	8	(9)	(2)
Impairment of contract assets, net	8	39	26
Share-based payment expenses	29	9,952	14,437
Decrease/(increase) in inventories		899	(63)
Increase in trade receivables		(899)	(58)
(Increase)/decrease in prepayments, other receivables and other assets		(2,215)	2,356
Increase in trade and other payables		12,418	7,125
(Decrease)/increase in contract liabilities		(2)	678
Increase in deferred income		1,382	932
Cash used in operations		(99,608)	(96,301)
Interest received		753	335
Income tax paid		(1)	—
Net cash flows used in operating activities		(98,856)	(95,966)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(72,187)	(62,409)
Proceeds from disposal of property, plant and equipment		—	100
Purchases of financial assets at fair value through profit or loss		(498,000)	(1,020,829)
Proceeds from disposal of financial assets at fair value through profit or loss		427,926	1,059,081
Placement of time deposits with original maturity of more than three months		(79,860)	(31,048)
Withdrawal of time deposits with original maturity of more than three months		369,348	—
Withdrawal of pledged deposits		—	17,473
Receipt of government grants related to assets		3,799	—
Interest-bearing loans to a third party		—	(10,000)
Net cash flows from/(used in) investing activities		151,026	(47,632)

		Year ended December 31,	
	Notes	**2024** *RMB'000*	**2025** *RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans	30	90,691	60,592
Repayment of bank loans	30	(49,358)	(400)
Interest paid	30	(1,675)	(2,888)
Principal portion of lease payments	30	(757)	(329)
Payment of [REDACTED] expenses	30	—	(3,443)
Net cash flows from financing activities		38,901	53,532
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		91,071	(90,066)
Cash and cash equivalents at beginning of year		124,701	215,713
Effect of foreign exchange rate changes, net		(59)	(25)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	215,713	125,622
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	233,186	125,622
Pledged deposits	21	(17,473)	—
Cash and cash equivalents as stated in the statement of cash flows		215,713	125,622

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2024 RMB'000	As at December 31, 2025 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	146,620	193,893
Right-of-use assets	16	9,927	9,283
Investments in subsidiaries	1	85,720	89,784
Prepayments, other receivables and other assets	20	16,703	25,905
Financial assets at fair value through other comprehensive income	17	2,858	2,328
Financial assets at fair value through profit or loss	22	2,876	2,905
Time deposits	21	142,279	31,173
Total non-current assets		406,983	355,271
CURRENT ASSETS			
Inventories	18	1,534	1,597
Trade receivables	19	203	76
Prepayments, other receivables and other assets	20	35,434	46,017
Financial assets at fair value through profit or loss	22	110,115	70,239
Contract assets		745	849
Pledged deposits	21	17,473	—
Time deposits	21	—	146,812
Cash and cash equivalents	21	205,919	118,450
Total current assets		371,423	384,040
CURRENT LIABILITIES			
Trade and other payables	23	74,372	70,995
Contract liabilities		—	40
Interest-bearing bank borrowings	24	—	10,654
Lease liabilities	16	292	63
Total current liabilities		74,664	81,752
NET CURRENT ASSETS		296,759	302,288
TOTAL ASSETS LESS CURRENT LIABILITIES		703,742	657,559
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	51,120	100,695
Deferred income	25	8,712	9,740
Lease liabilities	16	61	—
Deferred tax liabilities	26	20	307
Total non-current liabilities		59,913	110,742
Net assets		643,829	546,817
EQUITY			
Share capital	27	150,938	150,938
Reserves	28	492,891	395,879
Total equity		643,829	546,817

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Binhui Biopharmaceutical Co., Ltd. (the "**Company**") was incorporated as a limited liability company in Chinese mainland on November 19, 2010. On December 13, 2013, the Company was converted into a joint stock limited company. The registered office address of the Company is Room B272–4, 2/F, Building B1, Research and Development Building, Zones B, C & D, Wuhan National Bio-industry Base, No. 666 Gaoxin Avenue, East Lake High-Tech Technology Development Zone, Wuhan.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the discovery, development, and commercialisation of innovative cancer immunotherapies, particularly through oncolytic virotherapies.

As at the date of this report, the Company had direct and indirect interests in its principal subsidiaries as follows:

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/ registered capital	Issued ordinary share/ registered capital Direct	Indirect	Principal activities
Binhui Biotechnology (Zhejiang) Co., Ltd. (濱會生物科技(浙江)有限公司)* *(note a)*	People's Republic of China ("**PRC**")/ Chinese mainland December 29, 2020	RMB70,000,000	100%	—	Research and development, pilot production of innovative drugs
Binhui Biotechnology (Beijing) Co., Ltd. (濱會生物科技(北京)有限公司)* (note a)	People's Republic of China ("**PRC**")/ Chinese mainland September 1, 2025	RMB3,000,000	100%	—	Research and development, sales of chemical products and pharmaceutical-specific equipment

Notes:

(a) No audited financial statements for Relevant Periods have been prepared for these entities, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation/registration.

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

The carrying amounts of the Company's investments in subsidiaries is as below:

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Investments, at cost	84,503	87,503
Deemed investment arising from share-based payments	1,217	2,281
Total	85,720	89,784

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

Pursuant to the supplemental agreements entered into between the Company and the pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences, anti-dilution rights, which are void ab initio as described in note 27 to this report and having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of these supplemental agreements, the directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 27 of this report.

The Historical Financial Information have 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 January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. 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 Relevant Periods 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 company of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest 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 revised 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 revised IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
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	*Amendments to the Classification and Measurement of Financial Instruments*[3]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[3]
Annual Improvements to IFRS Accounting Standards—Volume 11	Amendments to:IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[3]

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual/reporting periods beginning on or after January 1, 2027
3 Effective for annual periods beginning on or after January 1, 2026

The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows. Except for IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures certain financial instruments at fair value 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 Historical Financial Information 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 inventories, deferred tax assets and 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 of the Relevant Periods 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) 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, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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:

Category	Principal annual rate
Buildings	3.17%–4.75%
Laboratory equipment	9.50%
Office equipment	9.50%–19.00%
Electronic equipment	31.67%
Motor vehicles	19.00%

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 the end of each of the Relevant Periods.

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

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

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 sell, 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	1–3 years
Leasehold land	46.5–50 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 buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). 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, fair value through other comprehensive income and fair value through profit or loss.

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at 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

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

Financial assets at amortised cost (debt instruments)

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.

Financial assets at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under *IAS 32* Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements 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 sales 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 except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Classification as equity and financial liabilities

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and interest-bearing bank borrowings)

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

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

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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 each of the Relevant Periods 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 carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the 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 of the Relevant Periods 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 of the Relevant Periods.

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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. When government grants are related to assets, they are amortised over the estimated useful life of the asset after the conditions for recognising the government grant have been met.

Revenue recognition

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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 services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related services to the customer).

Share-based payments

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 is determined by reference to the Company's recent transaction price, further details of which are given in note 29 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 t yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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 recognized in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognized in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries 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 Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Research and development expenses

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 sell, 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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting 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.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Share-based payment expenses

The Group estimates the number of share awards contingently issuable when determining the share-based expenses, which depends on the achievement of certain non-market performance targets of the Group under the Employee Incentive Scheme (as defined in note 29 to the Historical Financial Information). This requires an estimation of the performance targets to be achieved by the Group, including completion of [REDACTED]. The Group recorded RMB9,952,000 and RMB14,437,000 share-based payment compensation expenses during the Relevant Periods.

Fair value measurements of financial instruments

The Group's financial assets are measured at fair values with fair values being determined based on observable and unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments.

4. OPERATING SEGMENT INFORMATION

Operating segment information

The Group focused primarily on the research and development, manufacture and sales of pharmaceutical products. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Relevant Periods, all of the Group's revenue was derived from customers located in the PRC and nearly all of the Group's non-current assets were located in the PRC, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue from each major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Customer A	1,057	528
Customer B	379	N/A
Customer C	N/A	95
Customer D	N/A	92

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Type of services		
Sales of reagents and consumables	171	69
Provision of research and development services	1,510	772
Others	44	43
Total	1,725	884
Timing of revenue recognition		
At a point in time	1,681	841
Over time	44	43
Total	1,725	884

(b) Performance obligations

Sales of reagents and consumables

The performance obligation is satisfied upon delivery of the reagents and consumables and payment in advance is normally required.

Provision of research and development services

Research and development services comprises performance obligations satisfied over time and single performance obligations satisfied at a point in time.

Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation, as they are expected to be fulfilled in one year.

6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Other income		
Government grants*	7,521	5,401
Bank interest income	12,125	4,992
Others	2	88
Total other income	19,648	10,481
Gains		
Fair value gains on financial assets at fair value through profit or loss	2,777	4,428
Total gains	2,777	4,428
Total	22,425	14,909

* There are no unfulfilled conditions on contingencies relating to these grants.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Interest on bank borrowings	1,717	2,925
Interest on lease liabilities	18	15
	1,735	2,940
Less: interest capitalised	(1,118)	(2,823)
Total	617	117

For the details of Pre-[REDACTED] Investments, please refer to note 27 to this report.

8. OTHER EXPENSES

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Loss on disposals of items of property, plant and equipment	12	6
Loss on lease termination	—	1
Foreign exchange losses, net	59	25
Impairment of contract assets, net	39	26
Reversal of impairment of financial assets, net	(9)	(2)
Total	101	56

9. LOSS BEFORE TAX

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

		Year ended December 31,	
		2024	2025
	Notes	*RMB'000*	*RMB'000*
Research and development expenses		102,844	84,301
Depreciation of property, plant and equipment*	15	5,519	7,816
Depreciation of right-of-use assets*	16	653	729
Government grants	6	(7,521)	(5,401)
[REDACTED] expenses		—	16,692
Fair value gains on financial assets at fair value through profit or loss	6	(2,777)	(4,428)
Staff costs (including directors' remunerations):			
— Salaries, bonuses, allowances and benefits in kind		48,282	44,189
— Pension scheme contributions		1,378	1,468
— Share-based payment compensation		9,952	14,437
Total		59,612	60,094

* The depreciation of property, plant and equipment and depreciation of right-of-use assets for the Relevant Periods are included in "Research and development expenses" and "Administrative expenses" in the consolidated statements of profit or loss and other comprehensive income.

10. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	7,732	9,449
Pension scheme contributions	86	86
Share-based payment compensation	2,603	4,267
Total fees and other emoluments	10,421	13,802

(a) Independent non-executive directors

The Company did not have any independent non-executive directors for the year ended December 31, 2024. Mr. Tian Dan, Mr. Hu Wenyan and Ms. Wong Lai Sarah were appointed as the independent non-executive directors on September 16, 2025.

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment compensation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025				
Independent non-executive directors:				
Mr. Tian Dan	146	—	—	146
Mr. Hu Wenyan	117	—	—	117
Ms. Wong Lai Sarah	175	—	—	175
Total	438	—	—	438

(b) Directors and supervisors

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment compensation *RMB'000*	Total *RMB'000*
Year ended December 31, 2024				
Chief executive and director:				
Dr. Liu Binlei *(Note a)*	4,803	41	—	4,844
Directors:				
Mr. Fang Zhizheng *(Note c)*	420	—	1,790	2,210
Mr. Wang Hanming *(Note i)*	936	5	143	1,084
Ms. Ming Xiaoping *(Note b)*	654	—	573	1,227
Mr. Li Junhong *(Note d)*	—	—	—	—
Mr. Huang Fanzhi *(Note e)*	—	—	—	—
Dr. Sui Ziye *(Note f)*	—	—	—	—
Mr. Ge Qixiong *(Note k)*	125	10	57	192
Supervisors:				
Dr. Xu Yuanping *(Note g)*	—	—	—	—
Ms. Fan Jiumei *(Note h)*	230	15	32	277
Mr. Shi Xiaotai *(Note j)*	536	14	—	550
Mr. Mao Zeyong *(Note l)*	28	1	8	37
Total	7,732	86	2,603	10,421

	Salaries, bonuses, allowances and benefits in kind *RMB'000*	Pension scheme contributions *RMB'000*	Share-based payment compensation *RMB'000*	Total *RMB'000*
Year ended December 31, 2025				
Chief executive and director:				
Dr. Liu Binlei *(Note a)*	4,511	43	—	4,554
Directors:				
Ms. Ming Xiaoping *(Note b)*	689	—	823	1,512
Mr. Fang Zhizheng *(Note c)*	425	—	2,572	2,997
Mr. Wang Hanming *(Note i)*	2,977	19	823	3,819
Mr. Li Junhong *(Note d)*	—	—	—	—
Mr. Huang Fanzhi *(Note e)*	—	—	—	—
Dr. Sui Ziye *(Note f)*	—	—	—	—
Supervisors:				
Dr. Xu Yuanping *(Note g)*	—	—	—	—
Ms. Fan Jiumei *(Note h)*	170	12	49	231
Mr. Shi Xiaotai *(Note j)*	239	12	—	251
Total	9,011	86	4,267	13,364

Notes:

(a) Dr. Liu Binlei was appointed as a director on September 12, 2012 and re-designated as an executive director on September 16, 2025.

(b) Ms. Ming Xiaoping was appointed as a director on September 21, 2012 and re-designated as a non-executive Director on September 16, 2025.

(c) Mr. Fang Zhizheng was appointed as a director of the Company with effect from February 2022 and re-designated as an executive director on September 16, 2025.

(d) Mr. Li Junhong was appointed as a director of the Company with effect from August 2017 and resigned on July 30, 2025.

(e) Mr. Huang Fanzhi was appointed as a director of the Company with effect from February 2022 and resigned on July 30, 2025.

(f) Dr. Sui Ziye was appointed as a director of the Company with effect from June 2020 and resigned on July 30, 2025.

(g) Dr. Xu Yuanping was appointed as a supervisor of the Company with effect from September 2018 and resigned after the general meeting of shareholders reviewed and approved the proposal to abolish the Board of Supervisors on September 16, 2025.

(h) Ms. Fan Jiumei was appointed as a supervisor of the Company with effect from January 2022 and resigned after the general meeting of shareholders reviewed and approved the proposal to abolish the Board of Supervisors on September 16, 2025.

(i) Mr. Wang Hanming was appointed as a director of the Company on October 14, 2024 and re-designated as an executive director on September 16, 2025.

(j) Mr. Shi Xiaotai was appointed as a supervisor of the Company with effect from February 2024 and resigned after the general meeting of shareholders reviewed and approved the proposal to abolish the Board of Supervisors on September 16, 2025.

(k) Mr. Ge Qixiong was appointed as a director of the Company with effect from February 2022, and resigned on June 13, 2024.

(l) Mr. Mao Zeyong was appointed as a supervisor of the Company with effect from August 2015, and resigned on February 2, 2024.

During the Relevant Periods, certain restricted shares under share incentive plan were granted to Ms. Fan Jiumei, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair value of such awarded shares, 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 is included in the above directors' remuneration disclosures.

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

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Period, included three and two directors, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	6,338	3,816
Pension scheme contributions	48	43
Share-based payment compensation	1,890	1,729
Total	8,276	5,588

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

	Year ended December 31,	
	2024	**2025**
	Number of employees	*Number of employees*
HK$2,000,001 to HK$2,500,000	1	—
HK$2,500,001 to HK$3,000,000	1	1
HK$3,000,001 to HK$3,500,000	—	1
HK$4,000,001 to HK$4,500,000	1	—
Total	3	2

During the Relevant Periods, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

In 2023, restricted shares under share incentive plan were granted to the 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 29 to the Historical Financial Information. The fair value of such awarded shares, 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 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

12. 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 operate.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the Enterprise Income Tax ("**EIT**") rate of the PRC subsidiaries was 25% during the Relevant Periods except for certain members of the Group which was subject to tax concession set out below.

The Company was accredited as a "High and New Technology Enterprise" ("**HNTE**") in 2022. The renewed qualification was obtained in 2025. Therefore, the Company was entitled to a preferential EIT rate of 15% during the Relevant Periods. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

Pursuant to Cai Shui [2018] circular No.76, Binhui Biopharmaceutical Co., Ltd. which was accredited as "Technology-based Small and Medium-sized Enterprises" can carry forward their unutilised tax losses for up to ten years. This extension of the expiration period applies to all the unutilised tax losses that were carried forward by the entities at the effective date of the tax circular.

Binhui Biotechnology (Beijing) Co., Ltd., Wuhan Bintong Biotechnology Co., Ltd., Wuhan Binhui Biomedicine Co., Ltd. and Shanghai Ruimingda Pharmaceutical Technology Co., Ltd. have applied the Small-Scaled Minimal Profit Corporate Income Tax preferential Policy announced by the PRC's Ministry of Finance and the State Administration of Taxation. From January 1, 2023 to December 31, 2027, the portion of annual taxable income of small and micro enterprises not exceeding RMB1,000,000 was deducted to 25% of the taxable income and subject to income tax at a rate of 20%.

Pursuant to Cai Shui [2020] No.31 "Notice on Preferential Income Tax Policies for Enterprises in Hainan Free Trade Port", Binhui Biopharmaceutical (Hainan) Ltd., which was incorporated in Hainan Free Trade Port and engaged in stipulated encouraged business, are permitted to enjoy a preferential EIT rate of 15% subject to certain qualification requirements.

Others

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

The income tax expense/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended December 31, 2024	2025
	RMB'000	*RMB'000*
Deferred income tax	24	(24)
Current income tax	(9)	—
Total	15	(24)

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

	Year ended December 31, 2024	2025
	RMB'000	*RMB'000*
Loss before tax	(113,131)	(120,952)
Tax credit at the preferential tax rate of 15%	(16,970)	(18,143)
Effect of different tax rates enacted by local authorities	(700)	(1,032)
Expenses not deductible for tax	1,740	2,481
Additional deductible allowance for research and development expenses	(13,843)	(10,173)
Deductible temporary difference and tax losses not recognised	29,797	26,843
Adjustments in respect of current tax of previous periods	(9)	—
Tax expense/(credit) at the Group's effective rate	15	(24)

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as the Company and its subsidiaries have been loss-making for some time and it is not considered probable that taxable profits in foreseeable future will be available against which the tax losses can be utilised.

According to the EIT Law, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income effective from October 1, 2022.

The Group has accumulated tax losses in Chinese mainland of RMB721,333,000 and RMB887,106,000 in aggregate as at the end of each of the Relevant Periods, that would expire in one to ten years for offsetting against future taxable profits of the company in which the losses arose.

Since the Group did not fall within the scope of the Pillar Two model rules, the Pillar Two model rules did not have any impact to the Group during the Relevant Periods.

13. DIVIDENDS

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

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of basic loss per share is based on:

	Year ended December 31, 2024	2025
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the Company	(112,798)	(120,598)

	Year ended December 31, 2024	2025
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	150,937,500	150,937,500

	Year ended December 31, 2024	2025
	RMB	*RMB*
Loss per share attributable to ordinary equity holders of the Company — Basic and diluted	(0.75)	(0.80)

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings *RMB'000*	Laboratory equipment *RMB'000*	Office equipment *RMB'000*	Electronic equipment *RMB'000*	Construction in progress *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2024							
At January 1, 2024:							
Cost	10,742	39,000	281	2,079	122,982	1,898	176,982
Accumulated depreciation	(3,300)	(12,215)	(248)	(1,633)	—	(844)	(18,240)
Net carrying amount	7,442	26,785	33	446	122,982	1,054	158,742
At January 1, 2024, net of accumulated depreciation	7,442	26,785	33	446	122,982	1,054	158,742
Additions	29	1,851	3	—	64,771	—	66,654
Transfer	73,746	195	—	—	(73,941)	—	—
Disposals	—	(62)	—	—	—	—	(62)
Depreciation provided during the year	(1,148)	(3,733)	(9)	(268)	—	(361)	(5,519)
At December 31, 2024, net of accumulated depreciation	80,069	25,036	27	178	113,812	693	219,815
At December 31, 2024:							
Cost	84,517	40,967	284	2,079	113,812	1,898	243,557
Accumulated depreciation	(4,448)	(15,931)	(257)	(1,901)	—	(1,205)	(23,742)
Net carrying amount	80,069	25,036	27	178	113,812	693	219,815

	Buildings *RMB'000*	Laboratory equipment *RMB'000*	Office equipment *RMB'000*	Electronic equipment *RMB'000*	Construction in progress *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2025							
At 1 January 2025:							
Cost	84,517	40,967	284	2,079	113,812	1,898	243,557
Accumulated depreciation	(4,448)	(15,931)	(257)	(1,901)	—	(1,205)	(23,742)
Net carrying amount	80,069	25,036	27	178	113,812	693	219,815
At January 1, 2025, net of accumulated depreciation	80,069	25,036	27	178	113,812	693	219,815
Additions	—	2,527	—	110	49,752	92	52,481
Transfer	162,856	708	—	—	(163,564)	—	—
Disposals	—	(84)	(9)	(5)	—	—	(98)
Depreciation provided during the year	(3,460)	(3,886)	(4)	(97)	—	(369)	(7,816)
At December 31, 2025, net of accumulated depreciation	239,465	24,301	14	186	—	416	264,382
At December 31, 2025:							
Cost	247,373	44,118	276	2,184	—	1,990	295,941
Accumulated depreciation	(7,908)	(19,817)	(262)	(1,998)	—	(1,574)	(31,559)
Net carrying amount	239,465	24,301	14	186	—	416	264,382

As at December 31, 2024, certain of the Group's construction in progress with aggregate net carrying amounts of RMB113,148,000 were pledged to secure bank loans granted to the Group. As at December 31, 2025, certain of the Group's buildings with aggregate net carrying amounts of RMB162,856,000, were pledged to secure bank loans granted to the Group.

The Group's property, plant and equipment mainly consisted of buildings, laboratory equipment and construction in progress for research and development purpose. As at the end of each Relevant Periods, no impairment indicator was identified for the property, plant and equipment, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the property, plant and equipment were in good condition and normal use; and (iii) no obsolescence or physical damage of these property, plant and equipment had taken place during the Relevant Periods.

The Company

	Buildings *RMB'000*	Laboratory equipment *RMB'000*	Office equipment *RMB'000*	Electronic equipment *RMB'000*	Construction in progress *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2024							
At January 1, 2024:							
Cost	10,766	38,384	276	2,065	54,271	1,568	107,330
Accumulated depreciation	(3,325)	(12,093)	(246)	(1,621)	—	(713)	(17,998)
Net carrying amount	7,441	26,291	30	444	54,271	855	89,332
At January 1, 2024, net of accumulated depreciation	7,441	26,291	30	444	54,271	855	89,332
Additions	29	1,810	3	—	60,439	—	62,281
Transfer	703	195	—	—	(898)	—	—
Disposals	—	(62)	—	—	—	—	(62)
Depreciation provided during the year	(685)	(3,673)	(8)	(267)	—	(298)	(4,931)
At December 31, 2024, net of accumulated depreciation	7,488	24,561	25	177	113,812	557	146,620
At December 31, 2024:							
Cost	11,498	40,310	279	2,065	113,812	1,568	169,532
Accumulated depreciation	(4,010)	(15,749)	(254)	(1,888)	—	(1,011)	(22,912)
Net carrying amount	7,488	24,561	25	177	113,812	557	146,620

	Buildings *RMB'000*	Laboratory equipment *RMB'000*	Office equipment *RMB'000*	Electronic equipment *RMB'000*	Construction in progress *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2025							
At January 1, 2025:							
Cost	11,498	40,310	279	2,065	113,812	1,568	169,532
Accumulated depreciation	(4,010)	(15,749)	(254)	(1,888)	—	(1,011)	(22,912)
Net carrying amount	7,488	24,561	25	177	113,812	557	146,620
At January 1, 2025, net of accumulated depreciation	7,488	24,561	25	177	113,812	557	146,620
Additions	—	2,528	—	110	49,752	92	52,482
Transfer	162,856	708	—	—	(163,564)	—	—
Disposals	—	(280)	(9)	(5)	—	—	(294)
Depreciation provided during the year	(684)	(3,824)	(3)	(97)	—	(307)	(4,915)
At December 31, 2025, net of accumulated depreciation	169,660	23,693	13	185	—	342	193,893
At December 31, 2025:							
Cost	174,354	43,266	270	2,170	—	1,660	221,720
Accumulated depreciation	(4,694)	(19,573)	(257)	(1,985)	—	(1,318)	(27,827)
Net carrying amount	169,660	23,693	13	185	—	342	193,893

As at December 31, 2024, certain of the Company's construction in progress with aggregate net carrying amounts of RMB113,148,000 were pledged to secure bank loans granted to the Company. As at December 31, 2025, certain of the Company's buildings with aggregate net carrying amounts of RMB162,856,000, were pledged to secure bank loans granted to the Company.

The Company's property, plant and equipment mainly consisted of buildings, laboratory equipment and construction in progress for research and development purpose. As at the end of each Relevant Periods, no impairment indicator was identified for the property, plant and equipment, considering (i) the progress of all pipelines remains in line with expectation; (ii) all the property, plant and equipment were in good condition and normal use; and (iii) no obsolescence or physical damage of these property, plant and equipment had taken place during the Relevant Periods.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 1 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(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:

	Leasehold land *RMB'000*	**Office premises** *RMB'000*	**Total** *RMB'000*
As at January 1, 2024	20,961	514	21,475
Additions	—	566	566
Depreciation charge	(443)	(595)	(1,038)
As at December 31, 2024	20,518	485	21,003
As at January 1, 2025	20,518	485	21,003
Additions	—	344	344
Lease termination	—	(85)	(85)
Depreciation charge	(443)	(471)	(914)
As at December 31, 2025	20,075	273	20,348

The Group's right-of-use assets included the land use right obtained from the PRC local government authorities with a limited term and offices leased from third parties. As at the end of each Relevant Periods, no impairment indicator was identified for the right-of-use assets, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the right-of-use assets were in good condition and normal use; and (iii) no obsolescence or physical damage of these right-of-use assets had taken place during the Relevant Periods.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at December 31, 2024 *RMB'000*	**As at December 31, 2025** *RMB'000*
Carrying amount at January 1	526	353
New leases	566	344
Accretion of interest recognised during the year	18	15
Lease termination	—	(87)
Payments	(757)	(329)
Carrying amount	353	296
Analysed into:		
Current portion	292	178
Non-current portion	61	118
Total	353	296

The maturity analysis of lease liabilities is disclosed in note 35 to the Historical Financial Information.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended December 31, 2024	2025
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	1,038	914
Less: capitalized depreciation	(385)	(185)
Depreciation of right-of-use assets charged to profit or loss	653	729
Interest on lease liabilities	18	15
Expenses relating to short-term leases	20	145
Total amount recognised in profit or loss	691	889

The total cash outflow for leases is disclosed in note 30 to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 1 and 3 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

(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:

	Leasehold land	Office premises	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	9,646	414	10,060
Additions	—	565	565
Depreciation charge	(203)	(495)	(698)
As at December 31, 2024	9,443	484	9,927
As at January 1, 2025	9,443	484	9,927
Lease termination	—	(85)	(85)
Depreciation charge	(203)	(356)	(559)
As at December 31, 2025	9,240	43	9,283

The Company's right-of-use assets included the land use right obtained from the PRC local government authorities with a limited term and offices leased from third parties. As at the end of each Relevant Periods, no impairment indicator was identified for the right-of-use assets, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the right-of-use assets were in good condition and normal use; and (iii) no obsolescence or physical damage of these right-of-use assets had taken place during the Relevant Periods.

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Carrying amount at January 1	408	353
New leases	565	—
Accretion of interest recognised during the year	16	7
Lease termination	—	(87)
Payments	(636)	(210)
Carrying amount	353	63
Analysed into:		
Current portion	292	63
Non-current portion	61	—
Total	353	63

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Depreciation of right-of-use assets	698	559
Less: capitalized depreciation	(185)	(185)
Depreciation of right-of-use assets charged to profit or loss	513	374
Interest on lease liabilities	16	7
Expenses relating to short-term leases	20	145
Total amount recognised in profit or loss	549	526

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Unlisted equity investments	2,858	2,328

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers the investments to be strategic in nature.

18. INVENTORIES

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Raw materials	1,465	1,387
Contract costs	69	210
Total	1,534	1,597

19. TRADE RECEIVABLES

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Trade receivables	162	90
Impairment	(8)	(6)
Net carrying amount	154	84

The credit period varies from contract to contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Within 1 year	150	79
1 to 2 years	4	3
2 to 3 years	—	2
Total	154	84

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

	As at December 31, 2024 *RMB'000*	**As at December 31, 2025** *RMB'000*
At the beginning of the year	(2)	(8)
Impairment losses, net	(6)	2
At the end of the year	(8)	(6)

An impairment analysis is performed at each reporting date. The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

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

As at December 31, 2024

	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Total**
Expected credit loss rate	5%	10%	50%	5%
Gross carrying amount *(RMB'000)*	158	4	—	162
Expected credit losses *(RMB'000)*	(8)	—	—	(8)

As at December 31, 2025

	Within 1 year	**1 to 2 years**	**2 to 3 years**	**Total**
Expected credit loss rate	5%	10%	50%	7%
Gross carrying amount *(RMB'000)*	83	3	4	90
Expected credit losses *(RMB'000)*	(4)	—	(2)	(6)

The Company

	As at December 31, 2024 *RMB'000*	**As at December 31, 2025** *RMB'000*
Trade receivables	210	81
Impairment	(7)	(5)
Net carrying amount	203	76

Included in the Company's trade receivables were amounts due from subsidiaries of RMB77,000 and RMB9,000 at the end of each of the Relevant Periods.

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

	As at December 31, 2024 *RMB'000*	**As at December 31, 2025** *RMB'000*
Within 1 year	201	74
1 to 2 years	2	—
2 to 3 years	—	2
Total	203	76

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

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
At the beginning of the year	(2)	(7)
Impairment losses, net	(5)	2
At the end of the year	(7)	(5)

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

As at December 31, 2024

	Within 1 year	1 year to 2 years	Total
Expected credit loss rate	3%	10%	3%
Gross carrying amount *(RMB'000)*	208	2	210
Expected credit losses *(RMB'000)*	(7)	—	(7)

As at December 31, 2025

	Within 1 year	2 year to 3 years	Total
Expected credit loss rate	4%	50%	6%
Gross carrying amount *(RMB'000)*	77	4	81
Expected credit losses *(RMB'000)*	(3)	(2)	(5)

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Non-current:		
Prepayments for property, plant and equipment	8	694
Value-added tax recoverable	22,484	30,967
Deposits for property, plant and equipment	348	348
Prepayments for service	—	456
Total	22,840	32,465
Current:		
Prepayments for services	12,875	6,300
Convertible loan to a third party *(Note a)*	—	10,000
Other receivables	236	234
Deferred [REDACTED]	—	3,664
Total	13,111	20,198

The Company

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Non-current:		
Prepayments for property, plant and equipment	8	695
Value-added tax recoverable	16,695	24,754
Prepayments for service	—	456
Total	16,703	25,905
Current:		
Prepayments for services	12,458	6,299
Convertible loan to a third party *(Note a)*	—	10,000
Other receivables	22,976	26,054
Deferred [REDACTED]	—	3,664
Total	35,434	46,017

Notes:

(a) In October 2025, the Company provided a loan to a third party in the amount of RMB10 million, with an annual interest rate of 3%. The loan agreement includes an equity conversion clause, whereby, upon meeting specified conditions, the loan will be converted into an investment. In February 2026, the parties completed the transaction, and the Company converted the RMB10 million loan principal into an investment in the third party.

(b) The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there was no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal.

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Cash and bank balances	233,186	125,622
Time deposits	142,279	177,985
Subtotal	375,465	303,607
Less:		
Pledged deposits	(17,473)	—
Time deposits with original maturity of over three months but less than one year	—	(146,812)
Time deposits with original maturity of over one year	(142,279)	(31,173)
Cash and cash equivalents	215,713	125,622
Denominated in:		
RMB	215,632	125,618
US$	81	4
Total	215,713	125,622

The Company

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Cash and bank balances	223,392	118,450
Time deposits	142,279	177,985
Subtotal	365,671	296,435
Less:		
Pledged deposits	(17,473)	—
Time deposits with original maturity of over three months but less than one year	—	(146,812)
Time deposits with original maturity of over one year	(142,279)	(31,173)
Cash and cash equivalents	205,919	118,450
Denominated in:		
RMB	205,909	118,446
US$	10	4
Total	205,919	118,450

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The pledged deposits represent amounts required to be placed in banks for securing subsequent settlement regarding the completion of construction in progress.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Current:		
Structured deposits and wealth management products	110,115	76,262
Non-current:		
Unlisted equity investments	2,876	2,905

The Company

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Current:		
Structured deposits and wealth management products	110,115	70,239
Non-current:		
Unlisted equity investments	2,876	2,905

These structured deposits and wealth management products are purchased from reputable banks in Chinese mainland with expected return by reference to the performance of (i) the underlying instruments in the currency market, the interbank market, the bond market, and the security and equity market and (ii) the derivative financial assets. The yields on all of these wealth management products are not guaranteed, and hence their contractual cash flows do not qualify for solely payments of principal and interest. After making an investment, the Group closely monitor the performance and fair value of these investments on a regular basis.

The fair values of structured deposits and wealth management products are based on cash flows discounted using the expected yield rate and are within Level 2 of the fair value hierarchy.

23. TRADE AND OTHER PAYABLES

The Group

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Trade payables	334	251
Accrued expenses for research and development services	28,997	32,873
Payroll payables	8,392	11,995
Other taxes payables	2,126	641
Accrued [REDACTED]	—	1,899
Payables relating to purchases of property, plant and equipment	29,848	22,275
Other payables	468	4
Total	70,165	69,938

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

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Within 1 year	334	251

The Company

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Trade payables	144	119
Accrued expenses for research and development services	28,583	32,424
Payroll payables	7,392	10,064
Other tax payables	1,727	483
Accrued [REDACTED]	—	1,899
Payables relating to purchases of property, plant and equipment	27,676	20,104
Other payables	8,850	5,902
Total	74,372	70,995

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

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Within 1 year	144	119

The trade payables are non-interest-bearing and payable on demand, which are normally settled on terms of 1 to 3 months.

24. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at December 31, 2024		
	Effective interest rate per annum	**Maturity**	**RMB’000**
Non-current			
Bank loans—secured	3.35%–3.70%	2026–2032	51,120

	As at December 31, 2025		
	Effective interest rate per annum	**Maturity**	**RMB’000**
Current			
Bank loans—unsecured	2.50%	2026	7,605
Bank loans — secured	3.10%–3.35%	2026	3,049
Total			10,654
Non-current			
Bank loans—secured	3.10%–3.35%	2027–2032	100,695
Total			111,349

Analysed into:

	As at December 31, 2024	**As at December 31, 2025**
	RMB’000	*RMB’000*
Bank loans repayable:Within one year	52	10,737
In the second year	1,502	7,927
In the third to fifth years, inclusive	22,530	59,757
Beyond five years	27,036	32,928
Total	51,120	111,349

On 29 April 2024, the Company entered into eight-year real estate mortgage agreements and the total facility under this mortgage agreements was RMB170,000,000 with Bank of China Limited Wuhan Branch. In 2024 and 2025, the Company borrowed RMB51,069,000 and RMB52,592,000, respectively. Pursuant to the agreements, these loans shall be repaid semi-annually commencing from November 2026. These loans are denominated in RMB, secured by the buildings and personal guarantees from the Dr. Liu Binlei and Ms. Ming Xiaoping, with interest calculated at a floating rate. The liabilities of personal guarantees from Dr. Liu Binlei and Ms. Ming Xiaoping were irrevocably terminated with Bank of China Limited Wuhan Branch on September 17, 2025.

25. DEFERRED INCOME

The Group

	As at December 31, 2024	**As at December 31, 2025**
	RMB’000	*RMB’000*
Government grants	12,096	13,028

The movements in deferred income during the Relevant Periods are as follows:

	Year ended December 31, 2024	**2025**
	RMB’000	*RMB’000*
At beginning of the year	6,915	12,096
Grants received during the year	5,284	1,115
Amounts released to profit or loss during the year	(103)	(183)
At end of the year	12,096	13,028

The Company

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Government grants	8,712	9,740

The movements in deferred income during the Relevant Periods are as follows:

	Year ended December 31, 2024 *RMB'000*	2025 *RMB'000*
At beginning of the year	3,515	8,712
Grants received during the year	5,284	1,115
Amounts released to profit or loss during the year	(87)	(87)
At end of the year	8,712	9,740

26. DEFERRED TAX

The Group

Deferred tax assets

	Lease liabilities *RMB'000*
At January 1, 2024	91
Deferred tax charged to the consolidated statements of profit or loss during the year	(38)
At December 31, 2024 and January 1, 2025	53
Deferred tax credited to the consolidated statements of profit or loss during the year	15
As at December 31, 2025	68

Deferred tax liabilities

	Right-of-use assets *RMB'000*	Financial assets at fair value through other comprehensive income *RMB'000*	Total *RMB'000*
At January 1, 2024	87	1,310	1,397
Deferred tax credited to the consolidated profit or loss during the year	(14)	—	(14)
Deferred tax credited to the other comprehensive income during the year	—	(1,310)	(1,310)
At December 31, 2024 and January 1, 2025	73	—	73
Deferred tax credited to the consolidated profit or loss during the year	(9)	—	(9)
Deferred tax charged to the other comprehensive income during the year	—	310	310
At December 31, 2025	64	310	374

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	—	1
Net deferred tax liabilities recognised in the consolidated statement of financial position	20	307

The Company

Deferred tax assets

	Lease liabilities
	RMB'000
As at January 1, 2024	61
Deferred tax charged to the consolidated statements of profit or loss during the year	(8)
At December 31, 2024 and January 1, 2025	53
Deferred tax charged to the consolidated statements of profit or loss during the period	(43)
As at December 31, 2025	10

Deferred tax liabilities

	Right-of-use assets	Financial assets at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	62	1,310	1,372
Deferred tax charged to the consolidated profit or loss during the year	11	—	11
Deferred tax credited to the other comprehensive income during the year	—	(1,310)	(1,310)
At December 31, 2024 and January 1, 2025	73	—	73
Deferred tax credited to the consolidated profit or loss during the period	(66)	—	(66)
Deferred tax charged to the other comprehensive income during the year	—	310	310
At December 31, 2025	7	310	317

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	20	307

27. SHARE CAPITAL

	As at December 31, 2024 *RMB'000*	As at December 31, 2025 *RMB'000*
Issued and fully paid:		
150,937,500 ordinary shares of RMB1.00 each	150,938	150,938

A summary of movements in the share capital is as follows:

	Number of share in issue	Share capital *RMB'000*
As at January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	150,937,500	150,938

During December 2020 to April 2023, the Company entered into respective share subscription agreements (collectively, the "**Pre-[REDACTED] Investor Agreements**") with various pre-[REDACTED] Investors (collectively, the "**Pre-[REDACTED] Investors**") and issued ordinary shares thereto with a total net consideration of approximately RMB1,035.25 million (collectively the "**Pre-[REDACTED] Investments**") with the respective par value being recorded as share capital and the remainder as reserves. Pursuant to the Pre-[REDACTED] Investor Agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights ("**Special Rights**"), including, among others, redemption rights and liquidation preference rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

From December 2023 to September 2024, the Company and the Pre-[REDACTED] Investors subsequently entered into supplemental agreements (the "**Supplemental Agreements**"), agreeing that the Special Rights granted by the Company to Pre-[REDACTED] investors, including , among others, redemption rights, liquidation preference rights, right of first refusal, anti-dilution rights, co-sale rights, director nomination rights and information rights, have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the Supplemental Agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

Had the redemption rights and liquidation preferences rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at amortised cost of the redemption amount prior to entering into the Supplemental Agreements, the finance costs associated with the redemption financial liabilities, the net loss for the year/period, and basic and dilutive loss per share would have been:

	Year ended December 31, 2024 *RMB'000*
Finance costs	6,179
Loss for the year	(119,325)
Basic loss per share *(RMB)*	(0.79)
Diluted loss per share *(RMB)*	(0.79)

28. RESERVES

The Group

The amounts of the Group's reserves 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 the par value of the shares issued and the consideration received.

Share-based payments reserve

Share-based payments reserve represents the share-based compensation reserve due to equity-settled share award, details of which are set out in note 29 to the Historical Financial Information.

Other reserve

Other reserve mainly represents the fair value reserve of financial assets at fair value through other comprehensive income, details of which are set out in note 17 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Share premium	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	933,379	14,238	7,421	(354,801)	600,237
Total comprehensive loss for the year	—	—	(11,165)	(106,133)	(117,298)
Share-based payment compensation	—	9,952	—	—	9,952
At December 31, 2024 and January 1, 2025	933,379	24,190	(3,744)	(460,934)	492,891
Total comprehensive loss for the period	—	—	(841)	(110,608)	(111,449)
Share-based payment compensation	—	14,437	—	—	14,437
At December 31, 2025	933,379	38,627	(4,585)	(571,542)	395,879

29. SHARE-BASED PAYMENTS

Employee Incentive Plan

Pursuant to a share incentive scheme for 2023 approved at the shareholders' meeting on August 7, 2023 (the "**Share Incentive Plan**"), 1,024,600 shares were granted in 2023 at a grant price of RMB23.00 per share.

Subject to the terms and conditions as set out in the Share Incentive Plan, restricted shares will be vested in the portions of 50% and 50% on the first and second anniversaries of the grant date of the restricted shares, respectively. Vesting is contingent upon the Participant achieving a qualified rating under the Company's internal performance evaluation system.

Restricted shares granted to participants are subject to a lock-up period commencing from the date of grant and continuing until the Company's successful [REDACTED] and the expiry of the lock-up period thereafter. If an eligible participant's employment terminated during the vesting period, all unvested and unlocked restricted shares as of the termination date would be forfeited.

The fair value of services received in return for the restricted shares granted is measured by reference to the fair value of the restricted shares less the grant price. The fair value of the restricted shares is measured by reference to the Company's recent transaction price with external investors.

During the Relevant Periods, 82,410 and 10,000 shares were granted to certain eligible participants under this scheme. The following numbers of restricted shares were outstanding under the Share Incentive Plan during the Relevant Periods:

	As at December 31, 2024	As at December 31, 2025
	Number of shares	*Number of shares*
At the beginning of the year	4,221,857	4,221,857
Granted during the year	82,410	10,000
Forfeited during the year	(82,410)	(10,000)
At the end of the year	4,221,857	4,221,857

During the Relevant Periods, share-based payment compensation expenses of RMB9,952,000 and RMB14,437,000 were charged to profit or loss.

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Period, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB566,000 and RMB344,000 respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Accrued [REDACTED] included in trade and other payables
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	526	9,745	—
Changes from financing cash flow	(757)	39,658	—
New leases	566	—	—
Interest expenses	18	1,717	—
At December 31, 2024 and January 1, 2025	353	51,120	—
Changes from financing cash flow	(329)	57,304	(3,443)
Increase in deferred [REDACTED]	—	—	3,664
Increase in [REDACTED]	—	—	16,692
Changes from non-financing cash flow	—	—	(15,014)
New leases	344	—	—
Lease termination	(87)	—	—
Interest expenses	15	2,925	—
At December 31, 2025	296	111,349	1,899

(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 December 31, 2024	2025
	RMB'000	*RMB'000*
Within operating activities	(20)	(141)
Within financing activities	(757)	(329)
Total	(777)	(470)

31. COMMITMENTS

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

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Property, plant and equipment	101,338	2,850

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had no material transactions and balances with related parties during the Relevant Periods.

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

	Year ended December 31,	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	11,768	10,771
Pension scheme contributions	168	157
Share-based payment compensation	3,261	4,599
Total	15,197	15,527

Further details of directors' and supervisors' emoluments are included in note 10 to the Historical Financial Information.

(c) Redemption rights of the Pre-[REDACTED] Investors granted by Dr. Liu Binlei

During December 2020 to April 2023, the Pre-[REDACTED] Investors had been granted the redemption right by Dr. Liu Binlei. Pursuant to Supplemental Agreements entered into from December 2023 to September 2024, redemption right was terminated.

The Company has not provided any form of guarantee in connection with any potential default or failure by Dr. Liu Binlei to fulfill his obligations relating to redemption right. Accordingly, no financial liability regarding the Redemption Right was recorded during the Relevant Periods.

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

	As at December 31, 2024	**As at December 31, 2025**
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss	112,991	79,167
Financial assets at fair value through other comprehensive income	2,858	2,328
Financial assets included in prepayments and other receivables at fair value through profit or loss	—	10,000
	115,849	91,495
Financial assets at amortised cost:		
Trade receivables	154	84
Financial assets included in prepayments and other receivables	236	234
Cash and cash equivalents	215,713	125,622
Time deposits	142,279	177,985
Pledged deposits	17,473	—
Total	375,855	303,925

Financial liabilities

	As at December 31, 2024	**As at December 31, 2025**
Financial liabilities at amortised cost:		
Financial liabilities included in trade and other payables	59,647	57,302
Interest-bearing bank borrowings	51,120	111,349
Total	110,767	168,651

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, time deposits, trade receivables, financial assets included in prepayments and other receivables, financial liabilities included in trade and other payables and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The Group invests in structured deposits and wealth management products issued by banks and securities companies in Chinese mainland. The fair values of the structured deposits and wealth management products which were all issued by reputable banks and securities companies have been estimated by using discounted cash flow valuation models based on the market interest rates of instruments with similar terms and risks.

Below is a summary of significant unobservable inputs to the valuation of financial instruments which are measured at fair value as at the end of each Relevant Periods:

Financial assets	Fair value hierarchy	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
Unlisted investments at fair value	Level 3	Most recent transaction price	N/A	N/A
Unlisted investments at fair value	Level 3	Comparable company method	The ratio of P/R&D	5% increase/decrease in multiples would result in increase/ decrease in fair value by RMB69,000/ RMB83,000 at December 31, 2024

Fair value hierarchy

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

The Group

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
As at December 31, 2024				
Financial assets at fair value through profit or loss	—	110,115	2,876	112,991
Financial assets at fair value through other comprehensive income	—	—	2,858	2,858
Total	—	110,115	5,734	115,849
As at December 31, 2025				
Financial assets at fair value through profit or loss	—	76,262	2,905	79,167
Financial assets at fair value through other comprehensive income	—	—	2,328	2,328
Financial assets included in prepayments and other receivables at fair value through profit or loss	—	—	10,000	10,000
Total	—	76,262	15,233	91,495

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 financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at fair value through profit or loss, and interest bearing bank borrowings. 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 trade receivables, financial assets included in prepayments and other receivables, and financial liabilities included in trade and other payables, which arise directly from its operations.

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

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, time deposits, pledged deposits, trade receivables and financial assets included in prepayments and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	As at December 31, 2024			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	59,647	—	—	59,647
Interest-bearing bank borrowings	1,865	30,462	28,373	60,700
Lease liabilities	302	61	—	363
Total	61,814	30,523	28,373	120,710

	As at December 31, 2025			
	Within 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	57,302	—	—	57,302
Interest-bearing bank borrowings	14,112	77,503	33,847	125,462
Lease liabilities	184	119	—	303
Total	71,598	77,622	33,847	183,067

Capital management

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

The Group manages 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 adjust the dividend payment to shareholders, return capital to shareholders or 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 during the Relevant Periods.

36. EVENT AFTER THE RELEVANT PERIOD

No significant events of the Group occurred after December 31, 2025.

37. 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 December 31, 2025.