The following is the text of a report set out on pages I–1 to I–37, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF INXMED LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of InxMed Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I–3 to I–37, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2024 and 2025 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I–3 to I–37 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial positions as at 31 December 2024 and 2025, and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note 23(b) 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
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[●]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company 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 yuan (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

	Note	Years ended 31 December 2024	2025
		RMB'000	*RMB'000*
Net other income	*4*	2,472	1,260
Administrative expenses		(45,071)	(85,494)
Research and development expenses	*5(d)*	(99,999)	(100,898)
Loss from operations		(142,598)	(185,132)
Finance income	*5(a)*	7,495	2,309
Finance costs	*5(b)*	(2,769)	(2,405)
Fair value changes on financial liabilities at fair value through profit or loss ("FVPL")	*21*	(46,083)	(70,501)
Net finance cost		(41,357)	(70,597)
Loss before taxation		(183,955)	(255,729)
Income tax	*6*	(664)	(225)
Loss for the year		(184,619)	(255,954)
Attributable to:			
Equity shareholders of the Company		(184,619)	(255,954)
Loss for the year		(184,619)	(255,954)
Loss per share			
Basic and diluted loss per share (RMB)	*9*	(4.29)	(5.94)

The notes on pages 10 to 37 form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Note	Years ended 31 December 2024 *RMB'000*	2025 *RMB'000*
Loss for the year		(184,619)	(255,954)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(8,289)	20,323
Total comprehensive income for the year		(192,908)	(235,631)
Attributable to:			
Equity shareholders of the Company		(192,908)	(235,631)

The notes on pages 10 to 37 form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December	
	Note	2024	2025
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*10*	1,737	816
Right-of-use assets	*11*	4,117	1,908
Intangible assets	*12*	700	616
Other non-current assets	*13*	20,184	25,045
		26,738	28,385
Current assets			
Prepayments	*15*	3,810	5,103
Other receivables	*16*	1,695	1,801
Cash and cash equivalents	*17*	97,267	210,271
		102,772	217,175
Current liabilities			
Trade and other payables	*18*	50,241	38,304
Bank loans	*19*	71,039	112,739
Financial liabilities at FVPL	*21*	769,045	1,058,387
Lease liabilities	*20*	2,242	1,979
		892,567	1,211,409
Net current liabilities		(789,795)	(994,234)
Total assets less current liabilities		(763,057)	(965,849)
Non-current liabilities			
Bank loans	*19*	–	15,000
Lease liabilities	*20*	1,953	49
		1,953	15,049
NET LIABILITIES		(765,010)	(980,898)
CAPITAL AND RESERVES			
Share capital	*23*	23	30
Treasury shares	*23*	–	(7)
Reserves	*23*	(765,033)	(980,921)
TOTAL DEFICIT		**(765,010)**	**(980,898)**

The notes on pages 10 to 37 form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December	
	Note	**2024**	**2025**
		RMB'000	*RMB'000*
Non-current assets			
Investments in subsidiaries	*14*	17,114	27,451
		17,114	27,451
Current assets			
Prepayments	*15*	–	2,656
Other receivables	*16*	692,916	897,540
Cash and cash equivalents		25	3,084
		692,941	903,280
Current liabilities			
Trade and other payables	*18*	–	6,183
Financial liabilities at FVPL	*21*	769,045	1,058,387
		769,045	1,064,570
Net current liabilities		(76,104)	(161,290)
Total assets less current liabilities		(58,990)	(133,839)
NET LIABILITIES		(58,990)	(133,839)
CAPITAL AND RESERVES			
Share capital	*23(a)*	23	30
Treasury shares	*23(a)*	–	(7)
Reserves	*23(a)*	(59,013)	(133,862)
TOTAL DEFICIT		(58,990)	(133,839)

The notes on pages 10 to 37 form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Attributable to equity shareholders of the Group						
	Share capital	Treasury shares	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	23	–	21,131	20,227	(5,811)	(615,775)	(580,205)
Changes in equity for 2024:							
Loss for the year	–	–	–	–	–	(184,619)	(184,619)
Other comprehensive income	–	–	–	–	(8,289)	–	(8,289)
Total comprehensive income	–	–	–	–	(8,289)	(184,619)	(192,908)
Equity-settled share-based transactions *(Note 22)*	–	–	–	8,103	–	–	8,103
Balance at 31 December 2024 and 1 January 2025	23	–	21,131	28,330	(14,100)	(800,394)	(765,010)
Changes in equity for 2025:							
Loss for the year	–	–	–	–	–	(255,954)	(255,954)
Other comprehensive income	–	–	–	–	20,323	–	20,323
Total comprehensive income	–	–	–	–	20,323	(255,954)	(235,631)
Equity-settled share-based transactions *(Note 22)*	–	–	–	19,743	–	–	19,743
Shares issued to the consolidated trust under equity incentive plan *(Note 22(a))*	7	(7)	–	–	–	–	–
Balance at 31 December 2025	30	(7)	21,131	48,073	6,223	(1,056,348)	(980,898)

The notes on pages 10 to 37 form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	Note	Years ended 31 December	
		2024	**2025**
		RMB'000	*RMB'000*
Operating activities			
Cash used in operations	*17(b)*	(119,523)	(172,031)
Income tax paid	*6(b)*	(664)	(225)
Net cash used in operating activities		(120,187)	(172,256)
Investing activities			
Payment for purchase of property, plant and equipment		(154)	(376)
Net cash used in investing activities		(154)	(376)
Financing activities			
Proceeds from bank loans	*17(c)*	47,978	147,739
Repayments of bank loans	*17(c)*	(50,491)	(91,039)
Interest paid	*17(c)*	(2,575)	(2,179)
Payment for [**REDACTED**] expenses		–	[**REDACTED**]
Payment for capital element of lease rentals	*17(c)*	(2,327)	(2,449)
Payment for interest element of lease rentals	*17(c)*	(194)	(119)
Issuance of financial liabilities at FVPL	*21(f)*	–	237,041
Net cash (used in)/generated from financing activities		(7,609)	286,502
Net (decrease)/increase in cash and cash equivalents		(127,950)	113,870
Effect of foreign exchange rate changes		1,931	(866)
Cash and cash equivalents at the beginning of the year	*17(a)*	223,286	97,267
Cash and cash equivalents at the end of the year	*17(a)*	97,267	210,271

The notes on pages 10 to 37 form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

InxMed Limited (the "Company") was incorporated as a company with limited liability in the British Virgin Islands ("BVI") on 27 January 2016. The address of the registered office of the Company and the principal place of business of the Company are disclosed in the section headed "Corporate Information" in the Document. The Company and its subsidiaries (together referred to as the "Group") are primarily dedicated to transforming treatment paradigms for tumors.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liabilities.

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activity
			Directly held by the Company	Indirectly held by the Company	
InxMed Biotechnology Limited *(ii)(iv)*	20 November 2020 Hong Kong	HKD10,000/ USD1,291	100.00%	–	Research and development, technical service, consultation and promotion
InxMed (Hong Kong) Limited *(ii)(iv)*	11 March 2016 Hong Kong	USD2,000,000 and HKD2/ USD2,000,000 and HKD2	–	100.00%	Research and development, technical service, consultation and promotion
InxMed (Nanjing) Co., Ltd.* (應世生物科技 (南京) 有限公司) *(i)(iii)(iv)*	24 March 2020 The People's Republic of China (the "PRC")	USD85,928,552/ USD77,070,058	–	100.00%	Research and development, technical service, consultation and promotion
InxMed (Shanghai) Co., Ltd.* (應世生物科技 (上海) 有限公司) *(i)(iii)(iv)*	10 November 2017 The PRC	RMB200,000,000/ RMB188,300,000	–	100.00%	Research and development, technical service, consultation and promotion
InxMed (Beijing) Co., Ltd.* (應世匯康 (北京) 生物科技有限公司) *(i)(iii)(iv)*	19 October 2017 The PRC	RMB100,000,000/ RMB91,196,364	–	100.00%	Research and development, technical service, consultation and promotion
InxMed (Shenzhen) Co., Ltd.* (應世生物科技 (深圳) 有限公司) *(i)(v)*	23 December 2024 The PRC	RMB150,000,000/ RMB44,700,000	–	100.00%	Research and development, technical service, consultation and promotion

Notes:

(i) These entities are incorporated in the PRC as wholly foreign-owned enterprises by InxMed (Hong Kong) Limited.

(ii) The statutory financial statements of these entities for the year ended 31 December 2024 were audited by Richful CPA Limited (瑞豐會計師事務所有限公司).

(iii) The statutory financial statements of these entities for the year ended 31 December 2024 were audited by Changzhou Dehao Certified Public Accountants (General Partnership)* (常州德豪會計師事務所 (普通合夥)).

(iv) As at date of this report, the statutory financial statements of these entities for the year ended 31 December 2025 have not completed yet.

(v) No statutory financial statements have been prepared for this company during the Relevant Periods.

(vi) On 27 August 2025, in order to improve management efficiency, the Group deregistered one subsidiary InxMed PTY Ltd., which was registered on 25 October 2019 in Australia.

* The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS Accounting Standards") which collectively includes all applicable individual IFRS Accounting Standards, International Accounting Standards and Interpretations issued by the International Accounting Standards Board ("IASB"). Further details of the significant accounting policies adopted are set out in Note 2.

As at 31 December 2024 and 2025, notwithstanding that the Group recorded net current liabilities of RMB789,795,000 and RMB994,234,000, which is primarily due to the several rounds of financing by issuing convertible and redeemable preferred shares which is recognised as current liabilities amounting to RMB769,045,000, and RMB1,058,387,000 (see Note 21(b)), respectively, and incurred recurring losses from operations since incorporation, the Historical Financial Information have been prepared on a going concern basis as based on the following:

- the directors of the Company do not expect that the preferred shares (see Note 21) will be redeemed within the next twelve months from 31 December 2025;
- upon the completion of the [**REDACTED**], the preferred shares will automatically converted into ordinary share and the financial liabilities will be reclassified to equity; and
- based on the completion of the new round of financing and a detailed review of the Group's cash flow projections, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due and to sustain its operations for the foreseeable future, taking into account the expected working capital requirements covering the next twelve months from 31 December 2025.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Relevant Periods, except that the Group has not adopted any new standards or interpretations that are effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 28.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of measurement

As the Group's operations are primarily located in the PRC and most of the Group's transactions are conducted and denominated in Renminbi ("RMB"), the Historical Financial Information is presented in RMB, rounded to the nearest thousand, unless otherwise stated. The functional currency of the Company is United States dollars ("USD").

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the assets are stated at their fair value as explained in the accounting policies.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which from the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see Note 2(h)(ii)). Cost includes deemed investment arising from the reorganisation and equity-settled share-based payment expenses.

(d) Derivative financial instruments

Derivative financial instruments are measured at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Laboratory equipment . . . . 3 ~ 5 years
- Office and other equipment . . . . 3 years
- Vehicles . . . . 5 years
- Leasehold improvement . . . . Shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(f) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(h)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software . . . . 10 years

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(h)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables).

Other financial assets measured at fair value, including derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets, other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecasted general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset written-off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term cash commitments, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 17).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(l) Financial instruments issued to investors

Financial instruments issued to investors consist of preferred shares. Accounting policies and other explanatory information of these financial instruments are elaborated as follows:

The Company has entered into a series of share purchase agreements with investors (Note 21). The preferred shares issued by the Company are financial liabilities upon the occurrence of certain future events. These instruments can be converted into ordinary shares of the Company any time at the option of the holders or automatically converted into ordinary shares upon certain future events.

The Group designated the preferred shares as financial liabilities at fair value through profit or loss. They are initially recognised at fair value. Subsequent to initial recognition, the preferred shares are carried at fair value with changes in fair value recognised in the consolidated statements of profit or loss.

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The fair value of share options granted to employee is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the applicable valuation model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as expense is adjusted to reflect the actual number of options that vest (vesting a corresponding adjustment to the capital of the capital reserve) expect where forfeiture in only due to not achieving vesting conditions that related to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

The grant by the Company of options over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in separate financial statements of the Company.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(o) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Other income

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business. Further details of the Group's revenue recognition policies are as follows:

(i) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(q) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

   (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

   (iii) Both entities 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).

   (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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their [**REDACTED**] with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Research and development expenses

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the Relevant Periods.

(b) Sources of estimation uncertainty

Notes 22(c) and 24(e) contain information about the assumptions and risk factors relating to fair value of financial instruments and equity-settled share-based transactions. Other key sources of estimation uncertainty are as follows:

(i) Recognition of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(ii) Depreciation and amortisation

Property, plant and equipment and intangible assets are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during the Relevant Periods. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

4 NET OTHER INCOME

	Years ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Government grants *(i)*	3,341	1,642
Net foreign exchange loss	(869)	(382)
	2,472	1,260

Note:

(i) Government grants have been received from the PRC local government authorities to support the subsidiaries' research and development ("R&D") activities. There are no unfulfilled conditions related to these government grants.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance income

	Years ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Interest income on cash at bank	7,495	2,309

(b) Finance costs

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest on bank loans	2,575	2,286
Interest on lease liabilities	194	119
	2,769	2,405

(c) Staff costs

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, wages and other benefits	42,972	47,371
Contributions to defined contribution retirement plans *(i)*	3,227	3,129
Equity-settled share-based transactions *(Note 22)*	8,103	19,743
	54,302	70,243

(d) Other items

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Amortisation cost of intangible assets *(Note 12)*	83	84
Depreciation of property, plant and equipment *(Note 10)*	3,153	1,254
Depreciation of right-of-use assets *(Note 11)*	2,417	2,491
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Research and development expenses *(ii)*	99,999	100,898

Notes:

(i) The employees of the subsidiaries of the Group, which were established in the PRC, participate in a defined contribution basic pension scheme managed by the local municipal governments, whereby these companies are required to contribute to scheme at certain rates of the employees' salaries as agreed by the local municipal governments. Employees of these companies are entitled to benefits, calculated based on a percentage of the average salaries level in the PRC, from the aforementioned retirement scheme at their normal age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(ii) During the years ended 31 December 2024 and 2025, research and development expenses include staff costs, depreciation and amortisation expenses of RMB27,789,000 and RMB26,711,000 respectively, which amounts are also included in the respective total amounts disclosed separately above.

6 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

(i) British Virgin Islands

Pursuant to the rules and regulations of the British Virgin Islands, the Company is currently not subject to income tax.

(ii) Hong Kong

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 16.5% of the estimated assessable profits. No provision for Hong Kong Profit Tax has been made for the Relevant Periods as there were no assessable profits during the Relevant Periods.

(iii) Mainland China

The Company and the subsidiaries of the Group established in mainland China are subject to the PRC Corporate Income Tax rate of 25% during the Relevant Periods except for those subject to tax concessions disclosed in the notes below.

According to the tax incentives policies promulgated by the State Tax Bureau of the PRC in March 2023, effective for the period from 1 January 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from the taxable income.

The Company's subsidiaries InxMed (Shanghai) Co., Ltd. and InxMed (Beijing) Co., Ltd., InxMed (Shenzhen) Co., Ltd. have been approved as small and micro-enterprise. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the Relevant Periods.

Under the Enterprise Income Tax ("EIT") Law, finance income from financial institutions located in mainland China earned by foreign investors is subject to withholding tax of 10%.

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before taxation	(183,955)	(255,729)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(19,342)	(20,704)
Tax effect of non-deductible expenses	546	314
Withholding tax on finance income	664	225
Tax effect of unused tax losses not recognised	24,006	25,603
Tax effect of deductible temporary differences not recognised	78	(56)
Tax effect of super deduction for research and development	(5,288)	(5,157)
Actual tax expense	664	225

(c) Deferred tax assets not recognised:

As at 31 December 2024 and 2025, the Group has not recognised deferred tax assets in respect of their respective cumulative tax losses of RMB858,484,000 and RMB1,045,123,000 and temporary differences of RMB420,000 and RMB121,000 respectively, in accordance with the accounting policy set out in Note 2(o), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The above tax losses incurred by subsidiaries in the PRC will be expired in the following years:

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
2027	18,047	18,047
2028	193,460	193,460
2029	166,672	166,672
2030	46,105	216,918
2031	86,214	86,214
2032	134,559	134,559
	645,057	815,870

According to CaiShui [2018] No. 76, "Notice on Extension of Carry-forward Period for Losses of High-tech Enterprises and High-tech Small and Medium Enterprises" issued by Ministry of Finance of the PRC and National Tax Bureau on 11 July 2018, the expiry year of cumulative tax losses incurred by High-tech Small and Medium Enterprises will extend from five years to ten years.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2024	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman					
Wang Zaiqi *(i)*	1,899	–	–	–	1,899
Directors					
Cao Fei *(ii)*	1,879	–	47	–	1,926
Jiang Mengjiao *(iii)*	–	–	–	–	–
Yi Hua *(iv)*	–	–	–	–	–
Chen Renhai *(v)*	336	–	–	–	336
Zhang Xiaofan *(vi)*	–	–	–	–	–
Total	4,114	–	47	–	4,161

For the year ended 31 December 2025	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman					
Wang Zaiqi *(i)*	1,895	325	–	–	2,220
Executive directors					
Cao Fei *(ii)*	1,890	502	21	8,879	11,292
Non-executive directors					
Yi Hua *(iv)*	–	–	–	–	–
Chen Renhai *(v)*	154	–	–	–	154
Zhang Xiaofan *(vi)*	–	–	–	–	–
Yu Jing *(vii)*	–	–	–	–	–
Yang Wei *(viii)*	–	–	–	–	–
Total	3,939	827	21	8,879	13,666

Notes:

(i) Mr. Wang Zaiqi was appointed as Chairman of Broad of Directors and Chief Executive Officer of the Company since 29 November 2018. Mr. Wang is the founder and shareholder of the Company.

(ii) Mr. Cao Fei was appointed as a director of the Company on 29 November 2018 and re-designated as an executive director of the Company on 31 July 2025.

(iii) Ms. Jiang Mengjiao was appointed as a director of the Company on 5 December 2022. Ms. Jiang Mengjiao resigned as a director of the Company on 15 April 2024.

(iv) Mr. Yi Hua was appointed as a director of the Company on 15 November 2021 and re-designated as a non-executive director of the Company on 31 July 2025.

(v) Mr. Chen Renhai was appointed as a director of the Company on 9 April 2024. Mr. Chen Renhai resigned as a director of the Company on 16 June 2025.

(vi) Mr. Zhang Xiaofan was appointed as a director of the Company on 15 April 2024 and re-designated as a non-executive director of the Company on 31 July 2025.

(vii) Ms. Yu Jing was appointed as a director of the Company since 16 June 2025 and re-designated as a non-executive director of the Company on 31 July 2025.

(viii) Mr. Yang Wei was appointed as a non-executive director of the Company since 31 July 2025.

During the Relevant Periods, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Relevant Periods, of the five individuals with the highest emoluments of the Group, two and one are directors for the years ended 31 December 2024 and 2025, respectively, whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the remaining individuals during the Relevant Periods are as follows:

	Years ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries and other emoluments	6,045	7,302
Discretionary bonuses	–	1,283
Share-based payments	637	3,766
Retirement scheme contributions	117	187
	6,799	12,538

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December	
	2024	**2025**
	Number of individuals	*Number of individuals*
HK$1,000,001 – HK$2,000,000	1	–
HK$2,000,001 – HK$3,000,000	2	1
HK$3,000,001 – HK$4,000,000	–	1
HK$4,000,001 – HK$5,000,000	–	2

9 LOSS PER SHARE

(a) Basic loss per share

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

	Years ended 31 December	
	2024	**2025**
Loss for the year attributable to ordinary equity shareholders of the Company (in RMB'000)	(184,619)	(255,954)
Weighted average number of ordinary shares (in thousands) *(i)*	43,070	43,070
Basic loss per share (in RMB per share)	(4.29)	(5.94)

(i) Weighted average number of ordinary shares

	Years ended 31 December	
	2024	**2025**
	'000	*'000*
Issued ordinary shares at 1 January	43,070	43,070
Effect of ordinary shares issued	–	3,567
Effect of treasury shares	–	(3,567)
Weighted average number of ordinary shares	43,070	43,070

(b) Diluted loss per share

For the years ended 31 December 2024 and 2025, preferred shares, derivatives and share options granted to employees (Notes 21 and 22) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for the years ended 31 December 2024 and 2025 are the same as basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Laboratory equipment	Office and other equipment	Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2024	6,519	937	518	6,221	14,195
Additions	104	32	–	–	136
Disposals	–	(14)	–	–	(14)
At 31 December 2024 and 1 January 2025	6,623	955	518	6,221	14,317
Additions	35	99	–	199	333
At 31 December 2025	6,658	1,054	518	6,420	14,650
Accumulated depreciation:					
At 1 January 2024	(3,716)	(571)	(410)	(4,740)	(9,437)
Charge for the year	(1,806)	(190)	(55)	(1,102)	(3,153)
Written back on disposals	–	10	–	–	10
At 31 December 2024 and 1 January 2025	(5,522)	(751)	(465)	(5,842)	(12,580)
Charge for the year	(800)	(144)	(38)	(272)	(1,254)
At 31 December 2025	(6,322)	(895)	(503)	(6,114)	(13,834)
Net book value:					
At 31 December 2025	336	159	15	306	816
At 31 December 2024	1,101	204	53	379	1,737

11 RIGHT-OF-USE ASSETS

	Office premises
	RMB'000
Cost:	
At 1 January 2024 and 31 December 2024 and 1 January 2025	7,256
Additions	282
Termination of leases	(192)
At 31 December 2025	7,346
Accumulated depreciation:	
At 1 January 2024	(722)
Charge for the year	(2,417)
At 31 December 2024 and 1 January 2025	(3,139)
Charge for the year	(2,491)
Termination of leases	192
At 31 December 2025	(5,438)
Net book value:	
At 31 December 2025	1,908
At 31 December 2024	4,117

12 INTANGIBLE ASSETS

	Software
	RMB'000
Cost:	
At 1 January 2024 and 31 December 2024 and 2025	839
Accumulated depreciation:	
At 1 January 2024	(56)
Charge for the year	(83)
At 31 December 2024 and 1 January 2025	(139)
Charge for the year	(84)
At 31 December 2025	(223)
Net book value:	
At 31 December 2025	616
At 31 December 2024	700

13 OTHER NON-CURRENT ASSETS

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Value-add tax recoverable	20,184	25,045

14 INVESTMENTS IN SUBSIDIARIES

The carrying amounts of investments in subsidiaries of the Company is listed below:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cost of investments in subsidiaries *(i)*	9	9
Equity-settled share-based payment *(ii)*	17,105	27,442
	17,114	27,451

Notes:

(i) Further details of the principal subsidiaries of the Group are set out in Note 1.

(ii) The amount represents equity-settled share-based payment expenses arising from the grant of share options in the Company to employees of the subsidiaries (Note 22) in exchange for their services to these subsidiaries, which were deemed to be investments made by the Company in these subsidiaries.

15 PREPAYMENTS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Service and materials	3,810	2,447
Prepayment for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
	3,810	5,103

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Prepayment for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]

All of the prepayments are expected to be recognised as expense within one year.

16 OTHER RECEIVABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Deposits	1,045	1,748
Others	650	53
	1,695	1,801

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Amounts due from subsidiaries	692,916	897,540

All of the other receivables are expected to be recovered or recognised as expense within one year.

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash at bank	97,267	210,271

As at 31 December 2024 and 2025, respectively, cash at bank that were placed with banks in mainland China amounted to RMB94,452,000 and RMB192,269,000. The remittance of funds out of the mainland China is subject to the relevant rules and regulations of foreign exchange control.

(b) Reconciliation of loss before taxation to cash used in operations

		Years ended 31 December	
	Note	2024	2025
		RMB'000	*RMB'000*
Loss before taxation		(183,955)	(255,729)
Adjustments for:			
Depreciation of property, plant and equipment	*10*	3,153	1,254
Amortisation of intangible assets	*12*	83	84
Depreciation of right-of-use assets	*11*	2,417	2,491
Finance costs	*5(b)*	2,769	2,405
Share-based payment expenses	*22*	8,103	19,743
Fair value changes on financial liabilities at FVPL	*21*	46,083	70,501
Foreign exchange loss	*4*	869	382
Loss on disposal of property, plant and equipment		4	–
Operating loss before changes in working capital		(120,474)	(158,869)
(Increase)/decrease in other receivables and prepayments	*15,16*	(1,462)	1,257
Increase in other non-current assets	*13*	(5,719)	(4,818)
Increase/(decrease) in trade and other payables	*18*	8,732	(9,601)
Decrease in deferred income		(600)	–
Cash used in operations		(119,523)	(172,031)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans	Financial liabilities at FVPL	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	73,552	711,906	6,522	791,980
Changes from financing cash flows:				
Proceeds from bank loans	47,978	–	–	47,978
Repayments of bank loans	(50,491)	–	–	(50,491)
Interest paid	(2,575)	–	–	(2,575)
Payment for capital element of lease rentals	–	–	(2,327)	(2,327)
Payment for interest element of lease rentals	–	–	(194)	(194)
Total changes from financing cash flows	(5,088)	–	(2,521)	(7,609)
Exchange adjustments	–	11,056	–	11,056
Other changes:				
Fair value changes on financial liabilities at FVPL	–	46,083	–	46,083
Interest charge	2,575	–	194	2,769
Total other changes	2,575	46,083	194	48,852
At 31 December 2024 and 1 January 2025	71,039	769,045	4,195	844,279
Changes from financing cash flows:				
Proceeds from bank loans	147,739	–	–	147,739
Repayments of bank loans	(91,039)	–	–	(91,039)
Interest paid	(2,179)	–	–	(2,179)
Payment for capital element of lease rentals	–	–	(2,449)	(2,449)
Payment for interest element of lease rentals	–	–	(119)	(119)
Capital contributions from investors with preferred shares	–	237,041	–	237,041
Total changes from financing cash flows	54,521	237,041	(2,568)	288,994
Exchange adjustments	–	(18,200)	–	(18,200)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	282	282
Fair value changes on financial liabilities at FVPL	–	70,501	–	70,501
Interest charge	2,179	–	119	2,298
Total other changes	2,179	70,501	401	73,081
At 31 December 2025	127,739	1,058,387	2,028	1,188,154

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Years ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within operating cash flows	1,032	1,093
Within financing cash flows	2,521	2,568
	3,553	3,661

18 TRADE AND OTHER PAYABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade payables		
– third parties	48,171	34,258
Payables for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Others	2,070	2,627
	50,241	38,304

All of the trade and other payables are expected to be settled within one year or on demand.

As of the end of the Relevant Periods, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	31,252	21,001
More than 1 year but within 2 years	10,358	180
More than 2 years but within 3 years	6,561	7,028
More than 3 years	–	6,049
	48,171	34,258

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other payables		
– third parties	–	1,164
– subsidiaries	–	5,019
	–	6,183

19 BANK LOANS

(a) The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	71,039	112,739
Within 2 years	–	15,000
	71,039	127,739

As at 31 December 2024, the Group had unsecured bank loans of RMB71,039,000, bearing interest ranging from 3.10% to 3.65% per annum.

As at 31 December 2025, the Group had unsecured bank loans of RMB127,739,000, bearing interest ranging from 2.80% to 3.30% per annum.

20 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	31 December 2024		31 December 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,242	2,355	1,979	2,015
After 1 year but within 2 years	1,953	1,984	49	50
Total	4,195	4,339	2,028	2,065
Less: total future interest expenses		(144)		(37)
Present value of lease liabilities		4,195		2,028

21 FINANCIAL LIABILITIES AT FVPL

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Preferred shares	733,159	1,058,387
Derivatives	35,886	–
	769,045	1,058,387

In 2018, the Company issued 16,000,000 series A-1 preferred shares with a par value of US$0.0001 each ("Series A Preferred Shares") to several investors (the "Series A Investors") for a cash consideration of USD16,000,000.

From 2020 to 2021, the Company issued 16,107,000 series A+ preferred shares with a par value of US$0.0001 each ("Series A+ Preferred Shares") to several investors (the "Series A+ Investors") for a cash consideration of USD18,949,000.

In 2021, the Company issued 18,979,210 series B preferred shares with a par value of US$0.0001 each ("Series B Preferred Shares") to several investors (the "Series B Investors") for a cash consideration of USD49,480,000.

In 2022, the Company issued 3,062,671 series B+ preferred shares with a par value of US$0.0001 each ("Series B+ Preferred Shares") to several investors (the "Series B+ Investors") for a cash consideration of USD10,000,000.

In 2025, an aggregate of 13,497,812 series C preferred shares with a par value of US$0.0001 each ("Series C Preferred Shares") were issued to several investors (the "Series C Investors") for a cash consideration of USD33,724,000 based on series C share purchase agreement dated on 7 January 2025, which was subsequently amended on 15 August 2025.

Derivative financial liabilities arising from the valuation adjustments rights (Note 21(e)) granted to the Series B Investors and the Series B+ Investors. They are standalone derivatives separated from the preferred shares. In 2025, an aggregate of 2,577,225 preferred shares with a par value of US$0.0001 each were issued to the Series B Investors and the Series B+ Investors, as the valuation adjustment rights were triggered.

The number of preferred shares outstanding on 31 December 2024 and 2025 was 54,148,881 shares and 70,223,918 shares, respectively.

The key terms of Series A Preferred Shares, Series A+ Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares and Series C Preferred Shares (collectively, the "preferred shares") are summarised in Note 21(a) – (d) as follows:

(a) Dividends

The holder of preferred shares shall be entitled to receive dividends on an as converted basis payable out of assets legally available thereof, prior and in preference to any declaration or payment of any dividend on the ordinary shares or any other class or series of shares issued by the Company. Such dividends shall be payable only when, as, and if declared by the Board and shall be non-cumulative.

(b) Redemption rights

If so requested by the preferred shareholder entitled to request redemption under the circumstance applicable, the Company shall redeem all or part, of the outstanding preferred shares as requested held by the redeeming holders out of funds legally available thereof.

The price at which the applicable preferred share is redeemed shall be the total amount of applicable original issue price plus a simple interest rate of ten percent (10%) per annum accrued commencing from the applicable original issue date with respect of the applicable series of preferred shares and all accrued but unpaid dividends, proportionally adjusted for any share splits, share dividends, recapitalisation and events with similar effect.

(c) Conversion rights

Any preferred share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable ordinary shares.

Each preferred share shall automatically be converted, without the payment of any additional consideration, into fully-paid and non assessable ordinary shares upon (i) immediately prior to the consummation of the qualified [**REDACTED**], or (ii) with respect to each series of preferred shares, the date specified by written consent or agreement of the holders of at least a majority of such series of preferred shares.

The initial conversation ratio is 1:1, and the conversion ratio is subject to adjustments (including but not limited to dividends, share splits and combinations, capital reorganisations or reclassifications).

(d) Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution shall be distributed to the shareholders of the Company in the sequence as follows: Series C Preferred Shares, Series B+ Preferred Shares, Series B Preferred Shares, Series A+ Preferred Shares, Series A Preferred Shares and ordinary shares.

In the event of a Liquidation Event of the Company, the Liquidation Event shall result in a liquidation of the Company, and any proceeds resulting the Liquidation Event shall be distributed in accordance with the terms stated above.

"Liquidation Event" means any event involving (i) any merger, amalgamation, consolidation, acquisition, tender offer, reorganisation or scheme thereof or other business combination in which the shareholders owing a majority of the voting power or voting shares of the Company immediately prior to such transaction do not own a majority of the voting power or voting shares of the Company or the surviving or acquiring person following such transaction (but excluding bona fide financing transaction); (ii) a sale of all or substantially all of the assets, intellectual properties or business of the Group.

(e) Valuation adjustments rights

Pursuant to the preferred shares purchase agreements entered into with the Series B Investors, the Series B+ Investors and the Series C Investors, the unit price of the preferred shares would be adjusted, dependent on the completion of agreed-upon R&D milestone or the price adjustment events having taking place in the new round of financing of the Company. The unit price adjustment may result in the Company delivering additional number of the preferred shares.

(f) Presentation and classification

In accordance with the Group's accounting policy set out in Note 2(l), the financial liabilities are initially recognised at fair value on the date of issuance.

	Preferred shares	Derivatives	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January 2024	677,900	34,006	711,906
Fair value changes	44,723	1,360	46,083
Exchange adjustments	10,536	520	11,056
Balance at 31 December 2024 and 1 January 2025	733,159	35,886	769,045
Issuance of preferred shares	237,041	–	237,041
Settlement of the derivatives *(i)*	51,551	(51,551)	–
Fair value changes	54,609	15,892	70,501
Exchange adjustments	(17,973)	(227)	(18,200)
Balance at 31 December 2025	1,058,387	–	1,058,387

Note:

(i) On 7 January 2025, the Company issued an additional 1,637,505 Series B Preferred Shares for nil consideration to all holders of the Series B Preferred Shares. This issuance was triggered by the valuation adjustment rights under the series B preferred share purchase agreement. On 15 August 2025, the Company issued an additional 939,720 Series B+ Preferred Shares for nil consideration to all holders of the Series B+ Preferred Shares. This issuance was triggered by the valuation adjustment rights under the series B+ preferred share purchase agreement.

22 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

At 31 December 2024 and 2025, the Group had the following share-based payment arrangements.

(a) Equity incentive plan

As at 31 December 2025, pursuant to the Company's equity incentive plan, the Group have granted 9,208,946 share options to the selected persons who were directors and employees of the Group. Each gives the holder the right to subscribe for one ordinary share of the Company with the exercise price ranging from US$0.55 to US$0.77.

In 2020, 1,871,750 share options were granted to certain employees under the Company's equity incentive plan, with an exercise price of US$0.55 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

In 2021, the Company granted six separate share options, totaling 1,046,750 shares, to certain employees under the Company's equity incentive plan, with an exercise price ranging from US$0.55 per share to US$0.67 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

In 2022, the Company granted five separate share options, totaling 819,300 shares, to certain employees under the Company's equity incentive plan, with an exercise price ranging from US$0.55 per share to US$0.77 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

In 2023, the Company granted two separate share options, totaling 53,250 shares, to certain employees under the Company's equity incentive plan, with an exercise price of US$0.77 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

In 2024, the Company granted four separate share options, totaling 2,826,338 shares, to certain employees under the Company's equity incentive plan, with an exercise price ranging from US$0.55 per share to US$0.77 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

In 2025, the Company granted four separate share options, totaling 3,474,598 shares, to certain employees under the Company's equity incentive plan, with an exercise price ranging from US$0.55 per share to US$0.77 per share. Each option gives the holder the right to subscribe for one ordinary share of the Company.

On 8 July 2025, the Company (as the sponsor of the equity incentive plan) entered into a trust deed with Futu Trustee Limited (as the trustee) to facilitate the exercising of the employees' vested share options in the future. In accordance with the trust arrangement, the Company issued 9,208,946 ordinary shares to NanGene Two Limited, which is the trust established by Futu Trustee Limited on behalf of the Company. The shares reserved in the trust for the equity incentive plan are treasury shares of the Company until the relevant share options are exercised by the employees and the employees become entitled to the underlying shares.

(b) The number and exercise price of share options are as follows:

	Year ended 31 December 2024		Year ended 31 December 2025	
	Exercise price	Number of share options	Exercise price	Number of share options
	(USD)		*(USD)*	
Outstanding at the beginning of the year	0.58	3,789,950	0.65	6,596,038
Granted during the year	0.76	2,826,338	0.73	3,474,598
Forfeited during the year	0.77	(20,250)	0.61	(861,690)
Outstanding at the end of the year	0.65	6,596,038	0.71	9,208,946
Exercisable at the end of the year	0.58	3,137,249	0.66	5,235,253

The options outstanding on 31 December 2024 and 2025 had an exercise price ranging from USD0.55 to USD0.77 and a weighted average remaining contractual life of 7.6 years and 7.8 years, respectively.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial model.

Key assumptions of the share options issued to the qualified employees on each grant date are set as below.

	30 June 2024	1 December 2024	1 June 2025
Fair value of share options and assumptions			
Fair value at measurement date (US$'000)	1,576	77	2,610
Fair value per share option at measurement date (US$)	0.58	0.71	0.75
Exercise price (US$)	0.55-0.77	0.77	0.55-0.77
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	69.83%	70.72%	70.52%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years	10 years	10 years
Risk-free interest rate (based on Exchange Fund Notes)	4.62%	4.13%	3.98%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

23 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Attributable to equity shareholders of the Company						
	Share capital	Treasury shares	Share premium	Capital reserve	Exchange reserve	Accumulated losses	Total deficit
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	23	–	21,131	20,228	5,741	(65,295)	(18,172)
Changes in equity for 2024:							
Loss for the year	–	–	–	–	–	(48,274)	(48,274)
Other comprehensive income	–	–	–	–	(647)	–	(647)
Total comprehensive income	–	–	–	–	(647)	(48,274)	(48,921)
Equity-settled share-based transactions	–	–	–	8,103	–	–	8,103
Balance at 31 December 2024 and 1 January 2025	23	–	21,131	28,331	5,094	(113,569)	(58,990)
Changes in equity for 2025:							
Loss for the year	–	–	–	–	–	(97,138)	(97,138)
Other comprehensive income	–	–	–	–	2,546	–	2,546
Total comprehensive income	–	–	–	–	2,546	(97,138)	(94,592)
Equity-settled share-based transactions	–	–	–	19,743	–	–	19,743
Shares issued to the trust under equity incentive plan	7	(7)	–	–	–	–	–
Balance at 31 December 2025	30	(7)	21,131	48,074	7,640	(210,707)	(133,839)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Relevant Periods.

(c) Share capital and share premium

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	No. of shares	Share capital	Treasury shares	Share premium	Total
	'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Ordinary shares, issued and fully paid:					
Balance as at 31 December 2023 and 2024	43,070	23	–	21,131	21,154
Shares issued to the trust under equity incentive plan *(i)*	9,209	7	(7)	–	–
Balance as at 31 December 2025	52,279	30	(7)	21,131	21,154

Note:

(i) Pursuant to the board resolution, 9,208,946 ordinary shares were issued to NanGene Two Limited under equity incentive plan. Such trustee entity was considered as an extension of the Company and shares held for share incentive plan were presented as treasury shares in both consolidated and separate financial statements of the Company.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

– The fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for shared-based payments in Note 2(n)(ii).

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange difference arising from the transaction of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(q).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group is not subject to externally imposed capital requirement.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables.. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks for which the Group considers to have low credit risk.

Management has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including to interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date of the Group can be required to pay:

31 December 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank Loans	72,320	–	–	–	72,320	71,039
Trade and other payables	32,938	10,742	6,561	–	50,241	50,241
Lease liabilities	2,355	1,984	–	–	4,339	4,195
Financial liabilities at FVPL-preferred shares	790,965	–	–	–	790,965	733,159
	898,578	12,726	6,561	–	917,865	858,634

31 December 2025

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank Loans	115,673	15,271	–	–	130,944	127,739
Trade and other payables	38,304	–	–	–	38,304	38,304
Lease liabilities	2,015	50	–	–	2,065	2,028
Financial liabilities at FVPL-preferred shares	1,144,212	–	–	–	1,144,212	1,058,387
	1,300,204	15,321	–	–	1,315,525	1,226,458

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from interest-bearing borrowings and lease liabilities. At the end of reporting period, the Company does not hold material assets or liabilities which are exposed to interest rate risk.

(i) Interest rate risk profile

	As at 31 December 2024		As at 31 December 2025	
	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		*RMB'000*
Net fixed rate instruments:				
Lease liabilities	3.45%-3.80%	(4,195)	3.10%-3.45%	(2,028)
Bank Loans	3.10%-3.65%	(71,039)	2.80%-3.30%	(127,739)
		(75,234)		(129,767)
Net variable rate instruments:				
Cash at bank	0.00%-4.50%	97,267	0.00%-3.00%	210,271
		22,033		80,504

(ii) Sensitivity analysis

The following table details the effect on the Group's loss after tax for each year of the Relevant Periods and accumulated losses at the end of each reporting period that increase/decrease of 100 basis points in interest rates would have.

	As at 31 December 2024			As at 31 December 2025		
	Increase/ (decrease) of basis point	Effect on loss after tax	Effect on accumulated losses	Increase/ (decrease) of basis point	Effect on loss after tax	Effect on accumulated losses
		RMB'000	*RMB'000*		*RMB'000*	*RMB'000*
Interest rates . .	100	931	931	100	1,992	1,992
	(100)	(931)	(931)	(100)	(1,992)	(1,992)

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax and accumulated losses that would arise assuming that the change in interest rates had occurred at the end of the reporting periods and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting periods. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting periods, the impact on the Group's loss after tax and accumulated losses is estimated as an annualized impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The functional currency of the Group's subsidiaries in mainland China is RMB. Almost all the Group's operating activities are carried out in the mainland China with most of the transactions denominated in RMB.

The major currency risk is from the intra-group loan between the Company in British Virgin Islands and the Group's subsidiaries in mainland China. As at 31 December 2024, the Group's subsidiaries borrowed fund from the Company totalling RMB130,000,000, approximately equal to USD18,085,000, which has the currency risk due to the functional currency of the Company is USD. As at 31 December 2025, the Group's subsidiaries had repaid fund from the Company, the Group's exposure to foreign currency risk is not significant during this period.

As at 31 December 2024, a decrease equal to RMB6,500,000 in post-tax profit where the relevant foreign currency strengthens 5% against RMB. For a 5% weakening of the relevant foreign currency against RMB, there would be an equal and opposite impact on the profit.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into			Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurements								
Financial liabilities:								
– Financial liabilities at FVPL	769,045	–	–	769,045	1,058,387	–	–	1,058,387

During the years ended 31 December 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of financial instruments is determined by using valuation techniques. The Group applied the discounted cash flow method and recent transaction method to determine the underlying equity value of the Company and adopted the option-pricing method and equity allocation model to determine the fair value of financial instruments. The Group has engaged an external valuer to perform valuations for the financial instruments. A valuation report with analysis of changes in fair value measurement is prepared by the external valuer at each reporting date, and is reviewed and approved by the Group's management.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at the end of each of the reporting periods:

	As at 31 December	
	2024	2025
Risk-free interest rate	4.25%	3.48%
Volatility	70.02%	61.46%

As at 31 December 2024, increasing/decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB7,148,000 and RMB7,369,000 respectively, and increasing/decreasing risk free rate by 1% would decrease/increase the fair value by RMB2,619,000 and RMB2,630,000 respectively.

As at 31 December 2025, increasing/decreasing expected volatility by 5% would decrease/increase the fair value of financial instruments by RMB6,659,000 and RMB6,901,000 respectively, and increasing/decreasing risk free rate by 1% would decrease/increase the fair value by RMB2,075,000 and RMB2,074,000 respectively.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as at 31 December 2024 and 2025.

25 COMMITMENTS

There are no material commitments at the end of each of the reporting period.

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows.

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries and other benefits	10,160	10,087
Discretionary bonuses	–	1,910
Retirement scheme contributions	164	140
Equity-settled share-based payment expenses	637	11,954
	10,961	24,091

Total remuneration is included in staff costs (see Note 5(c)).

27 PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent and ultimate controlling party of the Company as at 31 December 2024 and 2025 to be Mr. Wang Zaiqi.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024 AND 2025

Up to the date of issue of the consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments and IFRS 7, Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to IFRS 9, *Financial instruments and IFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements.

IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

29 NON-ADJUSTMENT EVENTS AFTER THE RELEVANT PERIODS

There are non-significant events subsequent to 31 December 2025 which could materially affect the Group's operating and financial performance.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and any of its subsidiaries in respect of any period subsequent to 31 December 2025.