[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING QL BIOPHARMACEUTICAL CO., LTD., JEFFERIES HONG KONG LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Beijing QL Biopharmaceutical Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-3] to [I-47], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-3] to [I-47] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated *[Date]* (the "**Document**") in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	**2025**
	Notes	*RMB'000*	*RMB'000*
REVENUE	5	4,006	3,132
Cost of sales		(850)	(1,658)
Gross profit		3,156	1,474
Other income and gains	5	10,337	11,472
Administrative expenses		(25,060)	(27,304)
Research and development expenses		(150,474)	(176,087)
Other expenses		(23)	(340)
Finance costs	7	(1,707)	(650)
LOSS BEFORE TAX	6	(163,771)	(191,435)
Income tax (expense)/credit	10	(39)	7
LOSS FOR THE YEAR		(163,810)	(191,428)
Attributable to:			
Owners of the parent		(163,810)	(191,428)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the year *(RMB per share)*	12	(9.17)	(7.84)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of a foreign operation		23	85
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		23	85
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(163,787)	(191,343)
Attributable to:			
Owners of the parent		(163,787)	(191,343)

For the details of Pre-[REDACTED] Investments, please refer to note 24 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
		2024	**2025**
	Notes	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	13	106,131	103,434
Right-of-use assets	14(a)	8,730	9,923
Other intangible assets		—	28
Prepayments, other receivables and other assets	15	23,876	23,985
Total non-current assets		138,737	137,370
CURRENT ASSETS			
Trade receivables	16	2,149	165
Prepayments, other receivables and other assets	15	11,308	10,888
Financial assets at fair value through profit or loss	17	25,074	10,213
Cash and cash equivalents	18	35,079	31,195
Time deposits	18	20,083	—
Total current assets		93,693	52,461
CURRENT LIABILITIES			
Trade payables	19	10,835	11,672
Other payables and accruals	20	6,393	8,147
Contract liabilities	21	—	225
Interest-bearing bank borrowings	22	17,571	11,046
Lease liabilities	14(b)	3,965	3,951
Total current liabilities		38,764	35,041
NET CURRENT ASSETS		54,929	17,420
TOTAL ASSETS LESS CURRENT LIABILITIES		193,666	154,790
NON-CURRENT LIABILITIES			
Contract liabilities	21	139,726	187,677
Interest-bearing bank borrowings	22	29,652	35,910
Lease liabilities	14(b)	5,801	5,568
Deferred tax liabilities	23	39	32
Total non-current liabilities		175,218	229,187
Net assets/(liabilities)		18,448	(74,397)
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	24	2,417	2,575
Reserves	25	16,031	(76,972)
Total equity/(deficits)		18,448	(74,397)

For the details of Pre-[REDACTED] Investments, please refer to note 24 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent					
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Exchange translation reserve*	Accumulated losses*	Total equity
	RMB'000 *(note 24)*	*RMB'000* *(note 25)*	*RMB'000* *(note 25)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	1,875	463,668	7,040	130	(302,863)	169,850
Loss for the year	—	—	—	—	(163,810)	(163,810)
Exchange differences related to a foreign operation	—	—	—	23	—	23
Total comprehensive loss for the year	—	—	—	23	(163,810)	(163,787)
Capital contribution by shareholders	542	10,000	—	—	—	10,542
Recognition of equity-settled share-based payments	—	—	1,843	—	—	1,843
At 31 December 2024	2,417	473,668	8,883	153	(466,673)	18,448

Year ended 31 December 2025

	Attributable to owners of the parent					
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Exchange translation reserve*	Accumulated losses*	Total deficits
	RMB'000 *(note 24)*	*RMB'000* *(note 25)*	*RMB'000* *(note 25)*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	2,417	473,668	8,883	153	(466,673)	18,448
Loss for the year	—	—	—	—	(191,428)	(191,428)
Exchange differences related to a foreign operation	—	—	—	85	—	85
Total comprehensive loss for the year	—	—	—	85	(191,428)	(191,343)
Capital contribution by shareholders	158	95,592	—	—	—	95,750
Recognition of equity-settled share-based payments	—	—	2,748	—	—	2,748
At 31 December 2025	2,575	569,260	11,631	238	(658,101)	(74,397)

* These reserve accounts comprised the consolidated reserves of RMB16,031,000 and RMB(76,972,000) in the consolidated statements of financial position as at 31 December 2024 and 31 December 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December	
		2024	**2025**
	Notes	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(163,771)	(191,435)
Adjustments for:			
Finance costs	7	1,707	650
Interest income	5	(1,100)	(1,196)
Loss on disposal of items of property, plant and equipment, net	6	15	20
Depreciation of property, plant and equipment	13	12,630	19,285
Depreciation of right-of-use assets	14(a)	4,582	4,698
Investment income from financial assets at fair value through profit or loss	6	(1,822)	(971)
Fair value gains on financial assets at fair value through profit or loss	6	(259)	(213)
Equity-settled share-based payment expenses	6	1,843	2,748
Derecognition of right-of-use assets and lease liabilities on termination	14(c)	—	4
		(146,175)	(166,410)
(Increase)/decrease in trade receivables		(1,809)	1,984
Increase in contract liabilities		114,179	48,176
(Increase)/decrease in prepayments, other receivables and other assets		(15,359)	865
(Decrease)/increase in trade payables		(716)	837
Increase in other payables and accruals		3,823	1,754
Cash flows used in operations		(46,057)	(112,794)
Interest received		1,017	1,196
Net cash flows used in operating activities		(45,040)	(111,598)

		Year ended 31 December	
		2024	**2025**
	Note	*RMB'000*	*RMB'000*
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(50,955)	(15,203)
Additions to other intangible assets		—	(28)
Purchase of bank deposits with original maturity of more than three months when acquired		(20,000)	—
Proceeds from disposal of bank deposits with original maturity of more than three months when acquired		—	20,083
Purchase of financial assets at fair value through profit or loss		(227,810)	(253,900)
Proceeds from disposal of financial assets at fair value through profit or loss		307,107	269,945
Net cash flows from investing activities		8,342	20,897
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution by shareholders		10,542	95,750
New bank borrowings		47,174	17,258
Repayments of bank and other borrowings		(23,364)	(17,522)
Interest of bank and other borrowings paid		(1,376)	(1,660)
Lease payments, including related interest		(3,689)	(6,540)
Payment of [REDACTED]		—	(554)
Net cash flows from financing activities		29,287	86,732
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,411)	(3,969)
Cash and cash equivalents at beginning of year		42,467	35,079
Effect of foreign exchange rate changes, net		23	85
CASH AND CASH EQUIVALENTS AT END OF YEAR		35,079	31,195
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statements of financial position	18	35,079	31,195
Cash and cash equivalents as stated in the consolidated statements of cash flows		35,079	31,195

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	
		2024	**2025**
	Notes	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	13	8,680	7,436
Right-of-use assets	14(a)	6,603	8,145
Other intangible assets		—	28
Investment in subsidiaries	33	62,832	62,832
Prepayments, other receivables and other assets	15	3,033	5,915
Total non-current assets		81,148	84,356
CURRENT ASSETS			
Trade receivables	16	2,149	—
Prepayments, other receivables and other assets	15	81,056	68,616
Financial assets at fair value through profit or loss	17	25,074	10,213
Cash and cash equivalents	18	29,546	23,724
Time deposits	18	20,083	—
Total current assets		157,908	102,553
CURRENT LIABILITIES			
Trade payables	19	10,397	10,707
Other payables and accruals	20	2,559	4,980
Interest-bearing bank borrowings		10,011	10,008
Lease liabilities	14(b)	3,631	2,561
Total current liabilities		26,598	28,256
NET CURRENT ASSETS		131,310	74,297
TOTAL ASSETS LESS CURRENT LIABILITIES		212,458	158,653
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	2,520	3,327
Deferred tax liabilities		39	32
Contract liabilities	21	139,726	143,476
Total non-current liabilities		142,285	146,835
Net assets		70,173	11,818
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	24	2,417	2,575
Reserves	25	67,756	9,243
Total equity		70,173	11,818

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Beijing QL Biopharmaceutical Co., Ltd. (the "**Company**") was incorporated in the People's Republic of China ("**PRC**") on 14 September 2018 as a limited liability company. On 13 April 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at Room 101, Building 7, 20 Life Science Park Road, Changping District, Beijing, the PRC.

During the Relevant Periods, the Company and its subsidiaries (the "**Group**") are mainly engaged in the research and development of recombinant protein drugs.

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

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company directly	Principal activities
			(%)	
Zhitai Pharmaceuticals (Taizhou) Co., Ltd.* 質肽藥業(泰州)有限公司 (a)	PRC/ Chinese Mainland 17 October 2022	RMB50,000	100	Research and development, manufacturing and sale of pharmaceutical products
QL Biopharmaceutical Australia Pty Ltd. (b)**	South Australia 1 December 2021	AUD2,729	100	Research and development

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

** On 14 January 2026, QL Biopharmaceutical Australia Pty Ltd. completed the change of its business registration information. The registered share capital was changed from AUD2,729,000 to AUD3,690,000.

(a) The statutory financial statements of this entity for the year ended 31 December 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles was audited by Pan-China Certified Public Accountants Beijing Branch, certificated public accountants registered in the PRC.

(b) As at the date of this report, no audited financial statements have been prepared for this entity since its date of incorporation as this entity is not required by the local government to prepare statutory accounts.

2.1 BASIS OF PREPARATION

For ordinary shares issued to Pre-[REDACTED] Investors, pursuant to the supplemental agreements entered into between the Company and the Pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences, which are void ab initio as described in note 24 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 24 of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

The Historical Financial Information has been prepared on a going concern basis. The directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements for the coming twelve months. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. Except for IFRS 18, the Group considers that these standards will not have a significant impact on the Group's financial performance and financial position. IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 Statement of Cash Flows, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flow disclosure in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Categories	Estimated useful lives	Estimated residual value rate
Machinery	5 to 10 years	5%
Equipment	3 to 5 years	5%
Furniture and fixtures	3 to 5 years	5%
Motor vehicles	5 years	5%
Leasehold improvements	Calculated on the shorter of estimated useful lives and remaining lease terms	—

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

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

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

Intangible assets (other than goodwill)

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

Software

Acquired computer software is stated at historical cost less amortisation. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and is amortised on a straight-line basis over the useful life of 10 years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	18 to 96 months
Machinery	22 to 26 months

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and warehouses (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

Simplified approach

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

Classification as equity and financial liabilities

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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

Revenue recognition

Revenue from contracts with customers

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

(a) Sale of pharmaceutical intermediates

Revenue from the sale of pharmaceutical intermediates is recognised at the point in time when control of the asset is transferred to the customer, generally upon receipt of the pharmaceutical intermediates by customers.

(b) Provision of research and development services

Revenue from the provision of entrusted research and development services is recognised over time as the services are rendered.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates share incentive plans. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined with reference to the valuation of recent Pre-[REDACTED] Investments, further details of which are given in note 26 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

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

Housing fund — Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Termination benefits

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

Borrowing costs

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

Events after the reporting period

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

Foreign currencies

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

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

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

The functional currency of overseas subsidiary is currency other than RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the Relevant Periods and their profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiary which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and Development costs

Expenses incurred on each pipeline to develop new products are only capitalised and deferred in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Company. All research and development costs are charged to profit or loss during the Relevant Periods as management were of the view that it did not satisfy the accounting criteria to capitalise the research and development costs.

Deferred tax assets

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

The Group had tax losses carried forward. These losses related to companies that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The companies have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

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

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is engaged in sale of pharmaceutical intermediates and provision of research and development services during the Relevant Periods, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Chinese Mainland	1,297	2,342
European Union	2,709	721
United States of America	—	69
Total revenue	4,006	3,132

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Chinese Mainland	137,040	135,204
Australia	261	498
Total non-current assets	137,301	135,702

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

Information about a major customer

Revenue from the major customers (aggregated if under common control) which amounted to 10% or more of the Group's revenue during the Relevant Periods is set out below:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Customer A	2,709	721
Customer B	545	—
Customer C	487	756
Customer D	—	1,292
Total	3,741	2,769

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers	4,006	3,132

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Types of goods or services		
Provision of research and development services	3,519	973
Sale of pharmaceutical intermediates	487	2,159
Total	4,006	3,132
Geographical markets		
Chinese Mainland	1,297	2,342
European Union	2,709	721
United States of America	—	69
Total	4,006	3,132
Timing of revenue recognition		
Goods transferred at a point in time	487	2,159
Services transferred over time	3,519	973
Total	4,006	3,132

(b) Performance obligations

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

Provision of research and development services

The performance obligation is satisfied over time as services are rendered. Advances normally required and the final payment is generally due within 10 days from the date of billing.

Sale of pharmaceutical intermediates

The performance obligation is satisfied upon receipt by the customers and payment is generally due within 30 days from the effective date of sales order.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	973	—
Total	973	—

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year relate to provision of research and development services. The amounts disclosed above do not include variable consideration which is constrained.

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other income		
Government grants*	6,978	9,057
Interest income	1,100	1,196
Total other income	8,078	10,253
Gains		
Investment income from financial assets at fair value through profit or loss	1,822	971
Fair value gains on financial assets at fair value through profit or loss	259	213
Foreign exchange differences, net	178	—
Others	—	35
Total gains	2,259	1,219
Total other income and gains	10,337	11,472

* Government grants have been received from the PRC and Australian local government authorities to support the Group's research and development activities. There are no unfulfilled conditions related to these government grants.

6. LOSS BEFORE TAX

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

		Year ended 31 December	
		2024	**2025**
	Notes	*RMB'000*	*RMB'000*
Cost of pharmaceutical intermediates sold		132	1,041
Cost of service provided		718	617
Depreciation of property, plant and equipment*	13	12,630	19,285
Depreciation of right-of-use assets*	14(a)	4,582	4,698
Research and development expenses		150,474	176,087
Lease payments not included in the measurement of lease liabilities	14(c)	269	446
Auditor's remuneration		50	80
Fair value gains on financial assets at fair value through profit or loss	5	(259)	(213)
Loss on disposal of items of property, plant and equipment	13	15	20
Derecognition of right-of-use assets and lease liabilities on termination	14(c)	—	4
Investment income from financial assets at fair value through profit or loss	5	(1,822)	(971)
[REDACTED]		—	[REDACTED]
Government grants	5	(6,978)	(9,057)
Interest income	5	(1,100)	(1,196)
Employee benefit expense (excluding directors' remuneration as set out in note 8):			
Wages and salaries		32,889	45,228
Pension scheme contributions		4,177	5,595
Share-based payment expenses*	26	1,843	2,748
Total		38,909	53,571

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

		Year ended 31 December	
		2024	**2025**
	Note	*RMB'000*	*RMB'000*
Interest on bank and other borrowings		1,423	1,657
Interest on lease liabilities	14(b)	451	398
Others		94	—
Total interest expense on financial liabilities not at fair value through profit or loss		1,968	2,055
Less: Interest capitalised		(261)	(1,405)
Total		1,707	650

For the details of Pre-[REDACTED] Investments, please refer to note 24 to this report.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of directors and chief executive as recorded is set out below:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Fees	—	—
Other emoluments:		
Salaries, allowances and benefits in kind	6,604	6,883
Pension scheme contributions	264	272
Subtotal	6,868	7,155
Total fees and other emoluments	6,868	7,155

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Ms. Gu Cuiping *(i)*	—	—
Ms. Shi Liyang *(ii)*	—	—
Mr. Rong Jing *(iii)*	—	—
Total	—	—

(i) Ms. Gu Cuiping was appointed as an independent non-executive director of the Company in September 2020.

(ii) Ms. Shi Liyang was appointed as an independent non-executive director of the Company in December 2021.

(iii) Mr. Rong Jing was appointed as an independent non-executive director of the Company in December 2022.

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind	**Pension scheme contributions**	**Total remuneration**
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
Executive directors:			
Mr. Wu Ning *(iv)*	1,647	66	1,713
Dr. Zhai Peng *(v)*	1,443	66	1,509
Dr. Zhang Yuanyuan *(vi)*	1,549	66	1,615
Chief executive:			
Dr. Zhang Xujia *(vii)*	1,965	66	2,031
Total	6,604	264	6,868

	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2025			
Executive directors:			
Mr. Wu Ning *(iv)*	1,787	68	1,855
Dr. Zhai Peng *(v)*	1,525	68	1,593
Dr. Zhang Yuanyuan *(vi)*	1,564	68	1,632
Chief executive:			
Dr. Zhang Xujia *(vii)*	2,007	68	2,075
Total	6,883	272	7,155

(iv) Mr. Wu Ning was appointed as a director of the Company in October 2018.

(v) Dr. Zhai Peng was appointed as a director of the Company in November 2018.

(vi) Dr. Zhang Yuanyuan was appointed as a director of the Company in September 2020.

(vii) Dr. Zhang Xujia was appointed as the chief executive of the Company in September 2018.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included the chief executive and 3 directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor the chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	1,433	2,022
Pension scheme contributions	66	68
Total	1,499	2,090

The number of non-director highest paid employee whose remuneration fell within the following bands are as follows:

	Year ended 31 December	
	2024	2025
HK$1,500,001 to HK$2,000,000	1	—
HK$2,000,001 to HK$2,500,000	—	1
Total	1	1

10. INCOME TAX

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

Chinese Mainland

Under the Law of the PRC on Corporate Income Tax (the "**CIT Law**") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiary was 25% during the Relevant Periods. The Company was accredited as a "High and New Technology Enterprise" ("**HNTE**") in 2022. In December 2025, the Company successfully completed the renewal of its HNTE certificate, extending its HNTE status through December 2028.Therefore, the Company was entitled to a reduced preferential CIT rate of 15% during the Relevant Periods. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

Australia

Pursuant to the rules and regulations of Australia, the subsidiary incorporated and operated in Australia is subject to 30% of its taxable income in 2024 and the subsidiary is entitled to a reduced preferential rate of 25% in 2025.

Under the Research and Development Tax Incentive ("**R&DTI**") implemented by the Australian Taxation Office, entities engaged in research and development may be entitled to a refundable tax offset equal to the entity's company tax rate plus an 18.5% premium for eligible entities with an aggregated turnover of less than AUD20,000,000 per annum, provided they are not controlled by income tax-exempt entities. Any remaining balance after the application of tax offset shall be refunded to the entity in cash.

The income tax expense of the Group during the Relevant Periods is analysed as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Current income tax	—	—
Deferred income tax	(39)	7
Total tax (charge)/credit	(39)	7

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Loss before tax	(163,771)	(191,435)
Tax at the statutory tax rate of 25%	(40,943)	(47,859)
Differential tax rate applicable to the Group	12,918	15,686
Income not subject to tax	(999)	(33)
Expenses not deductible for tax	27	24
Additional deductible allowance for research and development expenses	(16,237)	(19,073)
Tax losses and temporary differences for which no deferred income tax assets were recognised	45,195	51,262
Tax (charge)/credit at the Group's effective tax rate	(39)	7

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

11. DIVIDENDS

No dividend has been declared or paid by the Company and its subsidiaries during the Relevant Periods.

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

On 13 April 2026, the Company was converted to a joint stock company with limited liability. A total of 30,000,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods for the purpose of computation of basic loss per share.

The calculation of the basic loss per share amounts based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

The weighted average number of shares for the purpose of basic loss per share amounts during the Relevant Periods are based on the weighted average numbers of shares have been issued.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods, so the diluted loss per share amounts equalled the basic loss per share amounts.

The calculations of basic loss per share amounts are based on:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(163,810)	(191,428)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	17,854	24,414
Loss per share		
Attributable to ordinary equity holders of the parent (Expressed in RMB) — basic and diluted	(9.17)	(7.84)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	38,412	19,134	378	—	7,805	26,112	91,841
Accumulated depreciation	(3,993)	(13,087)	(172)	—	(7,029)	—	(24,281)
Net carrying amount	34,419	6,047	206	—	776	26,112	67,560
At 1 January 2024, net of accumulated depreciation	34,419	6,047	206	—	776	26,112	67,560
Additions	27,244	491	271	49	9,567	13,594	51,216
Depreciation provided during the year	(5,530)	(2,503)	(75)	(4)	(4,518)	—	(12,630)
Disposals	(15)	—	—	—	—	—	(15)
Transfer	3,023	—	—	—	32,638	(35,661)	—
At 31 December 2024, net of accumulated depreciation	59,141	4,035	402	45	38,463	4,045	106,131
At 31 December 2024:							
Cost	68,633	19,625	649	49	50,010	4,045	143,011
Accumulated depreciation	(9,492)	(15,590)	(247)	(4)	(11,547)	—	(36,880)
Net carrying amount	59,141	4,035	402	45	38,463	4,045	106,131

	Machinery	Equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	68,633	19,625	649	49	50,010	4,045	143,011
Accumulated depreciation	(9,492)	(15,590)	(247)	(4)	(11,547)	—	(36,880)
Net carrying amount	59,141	4,035	402	45	38,463	4,045	106,131
At 1 January 2025, net of accumulated depreciation	59,141	4,035	402	45	38,463	4,045	106,131
Additions	5,920	1,068	221	29	1,595	7,775	16,608
Depreciation provided during the year	(7,525)	(1,965)	(135)	(13)	(9,647)	—	(19,285)
Disposals	—	(20)	—	—	—	—	(20)
Transfer	4,416	—	—	—	4,613	(9,029)	—
At 31 December 2025, net of accumulated depreciation	61,952	3,118	488	61	35,024	2,791	103,434
At 31 December 2025:							
Cost	78,969	20,295	870	78	56,218	2,791	159,221
Accumulated depreciation	(17,017)	(17,177)	(382)	(17)	(21,194)	—	(55,787)
Net carrying amount	61,952	3,118	488	61	35,024	2,791	103,434

The Company

	Machinery	Equipment	Furniture and fixtures	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	9,363	19,027	378	7,805	36,573
Accumulated depreciation	(3,993)	(13,083)	(172)	(7,029)	(24,277)
Net carrying amount	5,370	5,944	206	776	12,296
At 1 January 2024, net of accumulated depreciation	5,370	5,944	206	776	12,296
Additions	244	282	—	402	928
Depreciation provided during the year	(1,535)	(2,448)	(55)	(491)	(4,529)
Disposals	(15)	—	—	—	(15)
At 31 December 2024, net of accumulated depreciation	4,064	3,778	151	687	8,680
At 31 December 2024:					
Cost	9,561	19,309	378	8,207	37,455
Accumulated depreciation	(5,497)	(15,531)	(227)	(7,520)	(28,775)
Net carrying amount	4,064	3,778	151	687	8,680

	Machinery	Equipment	Furniture and fixtures	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	9,561	19,309	378	8,207	37,455
Accumulated depreciation	(5,497)	(15,531)	(227)	(7,520)	(28,775)
Net carrying amount	4,064	3,778	151	687	8,680
At 1 January 2025, net of accumulated depreciation	4,064	3,778	151	687	8,680
Additions	1,251	958	3	687	2,899
Depreciation provided during the year	(1,641)	(1,848)	(54)	(580)	(4,123)
Disposals	—	(20)	—	—	(20)
At 31 December 2025, net of accumulated depreciation	3,674	2,868	100	794	7,436
At 31 December 2025:					
Cost	10,812	19,869	381	8,894	39,956
Accumulated depreciation	(7,138)	(17,001)	(281)	(8,100)	(32,520)
Net carrying amount	3,674	2,868	100	794	7,436

14. LEASES

The Group and the Company as the lessees

The Group and the Company have lease contracts for buildings and machinery used in its operations. Leases of buildings generally have lease terms between 18 months and 96 months, while machinery generally have lease terms between 22 months and 26 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Buildings	Machinery	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	11,508	57	11,565
Additions	1,747	—	1,747
Depreciation charge	(4,539)	(43)	(4,582)
As at 31 December 2024 and 1 January 2025	8,716	14	8,730
Additions	1,114	33	1,147
Depreciation charge	(4,672)	(26)	(4,698)
Modification	4,442	—	4,442
Reassessment of a lease term	320	—	320
Early termination	(18)	—	(18)
As at 31 December 2025	9,902	21	9,923

The Company

	Buildings	Machinery	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	9,565	57	9,622
Additions	996	—	996
Depreciation charge	(3,972)	(43)	(4,015)
As at 31 December 2024 and 1 January 2025	6,589	14	6,603
Additions	1,114	33	1,147
Depreciation charge	(4,003)	(26)	(4,029)
Modification	4,442	—	4,442
Early termination	(18)	—	(18)
As at 31 December 2025	8,124	21	8,145

(b) Lease liabilities

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

The Group

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at 1 January	11,257	9,766
New leases	1,747	1,147
Accretion of interest recognised during the year	451	398
Payments	(3,689)	(6,540)
Modification	—	4,442
Reassessment of a lease term	—	320
Early termination	—	(14)
Carrying amount at 31 December	9,766	9,519
Analysed into:		
Current portion	3,965	3,951
Non-current portion	5,801	5,568

The Company

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at 1 January	8,524	6,151
New leases	996	1,147
Accretion of interest recognised during the year	320	261
Payments	(3,689)	(6,099)
Modification	—	4,442
Early termination	—	(14)
Carrying amount at 31 December	6,151	5,888
Analysed into:		
Current portion	3,631	2,561
Non-current portion	2,520	3,327

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

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

		Year ended 31 December	
		2024	2025
	Notes	*RMB'000*	*RMB'000*
Interest on lease liabilities	7	451	398
Depreciation charge of right-of-use assets	6	4,582	4,698
Derecognition of right-of-use assets and lease liabilities on termination		—	4
Expense relating to short-term leases		264	430
Expense relating to leases of low-value assets		5	16
Total amount recognised in profit or loss		5,302	5,546

(d) The total cash outflow for leases is disclosed in note 27 (c) to the Historical Financial Information.

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current		
Prepayments	11,131	10,148
Other receivables	39	32
Deferred [REDACTED]	—	570
Due from a related party	138	138
Subtotal	11,308	10,888
Non-current		
Advance payments for property, plant and equipment	6,845	1,985
Deposits	1,436	1,668
Value-added tax recoverable	15,595	20,332
Subtotal	23,876	23,985
Total	35,184	34,873

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current		
Prepayments	9,415	1,056
Due from subsidiaries	71,500	66,852
Other receivables	3	—
Deferred [REDACTED]	—	570
Due from a related party	138	138
Subtotal	81,056	68,616
Non-current		
Advance payments for property, plant and equipment	826	—
Deposits	1,239	1,473
Value-added tax recoverable	968	4,442
Subtotal	3,033	5,915
Total	84,089	74,531

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In calculating the expected credit loss rate, the Group considers the historical loss rates and adjusts for forward-looking factors and information. As at 31 December 2024 and 2025, the expected credit loss rates and the loss allowances were assessed to be minimal.

16. TRADE RECEIVABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	2,149	165
Impairment	—	—
Net carrying amount	2,149	165

The Group's trading terms with its customers are mainly on credit. The credit period is generally two months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 month	2,149	165
Total	2,149	165

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	2,149	—
Impairment	—	—
Net carrying amount	2,149	—

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 month	2,149	—
Total	2,149	—

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other unlisted investments, at fair value	25,074	10,213

The above unlisted investments were wealth management products issued by financial institutions in the Chinese Mainland. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest and they were held for trading.

18. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Cash and bank balances	13,924	26,066
Time deposits	41,238	5,129
Less: Time deposits with maturity of more than three months	20,083	—
Cash and cash equivalents	35,079	31,195
Denominated in:		
RMB	20,504	23,491
AUD	3,434	1
USD	11,141	7,703
Total	35,079	31,195

Cash and bank balances of the Group denominated in RMB amounted to RMB20,504,000 and RMB23,491,000 as at 31 December 2024 and 2025, respectively. The RMB is not freely convertible into other currencies. However, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Cash and bank balances	8,391	18,595
Time deposits	41,238	5,129
Less: Time deposits with maturity of more than three months	20,083	—
Cash and cash equivalents	29,546	23,724
Denominated in:		
RMB	18,405	16,088
USD	11,141	7,636
Total	29,546	23,724

19. TRADE PAYABLES

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

The Group

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Within 1 year	10,585	11,493
Over 1 year	250	179
Total	10,835	11,672

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	10,147	10,528
Over 1 year	250	179
Total	10,397	10,707

The trade payables are non-interest-bearing and have no fixed terms of settlement.

20. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other payables	4,132	3,368
Payroll payables	498	617
Other tax payables	1,763	1,997
Due to a related party *(note 29(d))*	—	2,165
Total	6,393	8,147

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other payables	374	504
Payroll payables	498	617
Other tax payables	1,687	1,844
Due to a related party	—	2,015
Total	2,559	4,980

Other payables and accruals are non-interest-bearing and have no fixed terms of settlement.

21. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current		
Advances received	—	225
Subtotal	—	225
Non-current		
Advances received *(note)*	139,726	187,677
Subtotal	139,726	187,677
Total	139,726	187,902

The Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Non-current		
Advances received *(note)*	139,726	143,476
Total	139,726	143,476

Note:

In November 2022 and April 2024, the Group entered into license and collaboration agreements with Beijing Nobot Biotechnology Co., Ltd. ("**Beijing Nobot**") and Tonghua Dongbao Pharmaceutical Co., Ltd. ("**Tonghua Dongbao**"), respectively, for the development and commercialisation of ZT001, one of the Group's drug candidates indicated for obesity and type 2 diabetes. The performance obligations under the license and collaboration agreements have not been satisfied and therefore, the accumulated cash considerations received from Beijing Nobot and Tonghua Dongbao have been recorded as contract liabilities at the end of each of the Relevant Periods.

22. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2024		
	Effective interest rate *(%)*	**Maturity**	*RMB'000*
Current			
Bank borrowings — unsecured	3.45	2025	10,011
Bank borrowings — secured	3.75	2025	6,580
Current portion of long term bank borrowings — secured	5-year LPR + 30BP	2025	980
Total — current			17,571
Non-current			
Bank borrowings — secured	5-year LPR + 30BP	2029	29,652
Total — non-current			29,652
Total			47,223

	As at 31 December 2025		
	Effective interest rate *(%)*	**Maturity**	*RMB'000*
Current			
Bank borrowings-unsecured	2.70	2026	10,008
Current portion of long term bank borrowings — secured	5-year LPR + 30BP	2026	1,038
Total-current			11,046
Non-current			
Bank borrowings-secured	5-year LPR + 30BP	2029	35,910
Total-non-current			35,910
Total			46,956

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Analysed into:		
Bank borrowings:		
Within one year or on demand	17,571	11,046
In the second year	1,000	1,000
In the third to fifth year, inclusive	28,652	34,910
Total	47,223	46,956

Note:

Certain of the Group's bank borrowings are secured by:

(i) Mortgages over the Group's machinery, which had a net carrying value of RMB71,169,000 and RMB60,603,000 as at 31 December 2024 and 2025, respectively;

(ii) Dr. Zhang Xujia had guaranteed the Group's bank borrowings up to RMB50,000,000 (note 29(b)(i));

(iii) Mr. Wu Ning, Dr. Zhai Peng and the Company had guaranteed the Group's bank borrowings up to RMB40,000,000 (note 29(b)(ii));

(iv) Taizhou Medical City Hongtai Financing Guarantee Co., Ltd ("**Hongtai**") and the Company had guaranteed the subsidiary of the Group's bank borrowings up to RMB10,000,000. A guarantee fee of RMB100,000 had been paid to Hongtai in 2024.

23. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

The Group

Deferred tax liabilities

	Right-of-use assets	Fair value Adjustment of financial assets at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	1,929	—	1,929
Deferred tax (credited)/charged to profit or loss	(407)	39	(368)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	1,522	39	1,561
Deferred tax charged/(credited) to profit or loss	143	(7)	136
At 31 December 2025	1,665	32	1,697

Deferred tax assets

	Tax loss	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	163	1,766	1,929
Deferred tax charged to profit or loss	(96)	(311)	(407)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	67	1,455	1,522
Deferred tax credited/(charged) to profit or loss	271	(128)	143
At 31 December 2025	338	1,327	1,665

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	39	32

The Group had accumulated tax losses in Chinese Mainland of RMB720,582,000 and RMB1,030,695,000 as at 31 December 2024 and 2025, respectively, that would expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in Australia of RMB317,000 and RMB3,268,000 as at 31 December 2024 and 2025 that are available indefinitely for offsetting against future taxable profits.

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

24. PAID-IN CAPITAL

The Group and the Company

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Paid-in capital	2,417	2,575

A summary of movements in the Company's paid-in capital is as follows:

	Paid-in capital
	RMB'000
At 1 January 2024	1,875
Capital contributions *(note(a))*	542
At 31 December 2024 and 1 January 2025	2,417
At 1 January 2025	2,417
Capital contributions *(note(b))*	158
At 31 December 2025	2,575

Notes:

(a) During the year ended 31 December 2024, the Company received capital contributions of RMB542,000 from Dr. Zhang Xujia, Dr. Zhai Peng, Dr. Zhang Yuanyuan, and Tianjin Zhitai Corporate Management Consultancy Partnership (Limited Partnership) ("**Tianjin QL Biopharma**"). The capital contributions increased the paid-in capital by RMB542,000.

(b) During the year ended 31 December 2025, the Company received capital contributions of RMB98,000,000 from certain Pre-[REDACTED] Investors. The capital contributions increased the paid-in capital and capital reserve by RMB158,000 and RMB97,842,000, respectively. The transaction cost attributable to Pre-[REDACTED] Investments was RMB2,250,000.

From October 2018 to January 2025, the Company entered into respective shareholders' agreements and subscription agreements (collectively, the "**Pre-[REDACTED] Investors Agreements**") with various Pre-[REDACTED] Investors (collectively, the "**Pre-[REDACTED] Investors**") and subscribed for a total net cash proceed of approximately RMB582 million (collectively the "**Pre-[REDACTED] Investments**") with the respective par value being recorded as paid-in capital and the remainder as capital reserve. Pursuant to the Pre-[REDACTED] Investors Agreements, the Pre-[REDACTED] Investors were granted by the Company with special rights which included redemption rights and liquidation preferences rights.

There was no exercise of redemption rights and liquidation preferences rights granted by the Company throughout the Relevant Periods.

On 8 April 2026, the Company and the Pre-[REDACTED] Investors subsequently entered into supplemental agreements (the "**Supplemental Agreements**"), agreeing that certain of the redemption rights and liquidation preferences rights granted by the Company to Pre-[REDACTED] Investors have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the Supplemental Agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

Had the redemption rights and liquidation preferences rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements on 8 April 2026, the redemption financial liabilities, total current liabilities and net liabilities would have been:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Redemption financial liabilities	605,890	763,293
Total current liabilities	644,654	798,334
Net liabilities	(587,442)	(837,690)

The finance costs associated with the redemption financial liabilities, the net profit for the year, basic and dilutive earning per share would have been:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial costs associated with the redemption financial liabilities	44,973	61,811
Total net loss	(208,783)	(253,239)
Basic and diluted loss per share (expressed in RMB)	(11.69)	(10.37)

25. RESERVES

The Group

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

Capital reserve

The capital reserve of the Group represents the difference between the par value of the paid-in capital and the consideration received.

Share-based payment reserve

The Share-based payment reserve of the Group represents the fair value of equity-settled share-based payments with details presented in note 26.

Exchange translation reserve

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

The Company

	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	463,668	7,040	(287,085)	183,623
Total comprehensive loss for the year	—	—	(127,710)	(127,710)
Capital contribution by shareholders	10,000	—	—	10,000
Recognition of equity-settled share-based payments	—	1,843	—	1,843
As 31 December 2024 and 1 January 2025	473,668	8,883	(414,795)	67,756
Total comprehensive loss for the year	—	—	(156,853)	(156,853)
Capital contribution by shareholders	95,592	—	—	95,592
Recognition of equity-settled share-based payments	—	2,748	—	2,748
At 31 December 2025	569,260	11,631	(571,648)	9,243

26. SHARE-BASED PAYMENTS

The employee incentive platform of Tianjin QL Biopharma in the PRC was established in October 2018 and Dr. Zhang Xujia transferred part of its equity shares in the Company to Tianjin QL Biopharma for the further implementation of incentive plans.

Incentive Plans prior to the Relevant Periods

Prior to the Relevant Periods, the Group implemented two employee incentive plans on 2 January 2019 and 1 March 2021, respectively (collectively, the "**Incentive Plans prior to the Relevant Periods**"). 60,000 and 5,000 restricted share units ("**RSUs**") were granted to 10 employees under the Incentive Plans prior to the Relevant Periods through Tianjin QL Biopharma with exercise price of RMB1.00, and the fair value of the RSUs granted was determined to be at RMB160.00 and RMB333.64 per RMB1.00 registered capital unit of Tianjin QL Biopharma as at the respective grant date, with reference to the valuations of recent Pre-[REDACTED] Investments. The vesting conditions of the granted share awards are subject to a [REDACTED]-based vesting condition.

During the Relevant Periods, the Group implemented additional employee incentive plan as follows:

2024 Incentive Plan

On 1 October 2024, an employee incentive plan ("**2024 Incentive Plan**") was implemented to incentivise certain eligible employees of the Group to retain them for the continued operation and development of the Group. 3,900 RSUs were granted to 10 employees under the 2024 incentive plan through Tianjin QL Biopharma with exercise price of RMB1.00, and the fair value of the RSUs granted was determined to be at RMB620.63 per RMB1 registered capital unit of Tianjin QL Biopharma as at the grant date, with reference to the valuations of recent Pre-[REDACTED] Investments. The vesting conditions of the granted share awards are subject to a [REDACTED]-based vesting condition.

The following RSUs were outstanding under Incentive Plans prior to the Relevant Periods and 2024 Incentive Plan:

	2024	
	Weighted average exercise price	**Number of RSUs**
	RMB per share	
At 1 January	1.00	65,000
Granted during the year	1.00	3,900
At 31 December	1.00	68,900

During the Relevant Periods, the share-based payment expenses charged into profit or loss amounted to RMB1,843,000 and RMB2,748,000, respectively.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,747,000 and RMB1,147,000 in respect of lease arrangements for buildings and machinery.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	**Lease liabilities**
	RMB'000	*RMB'000*
At 1 January 2024	23,366	11,257
Changes from financing cash flows*	22,434	(3,689)
New leases	—	1,747
Interest expenses	1,423	451
At 31 December 2024	47,223	9,766

	Interest-bearing bank borrowings	**Lease liabilities**
	RMB'000	*RMB'000*
At 1 January 2025	47,223	9,766
Changes from financing cash flows*	(1,924)	(6,540)
New leases	—	1,147
Modification	—	4,442
Reassessment of a lease term	—	320
Early termination	—	(14)
Interest expenses	1,657	398
At 31 December 2025	46,956	9,519

* The amounts of the changes from financing cash flows do not include the value added tax amounts.

(c) Total cash outflow for leases

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

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Within operating activities	269	446
Within financing activities	3,689	6,540
Total	3,958	6,986

28. COMMITMENTS

(a) At the end of each of the Relevant Periods, the Group did not have any significant contractual commitments.

(b) The Group had no lease contracts that have not yet commenced as at 31 December 2024 and 2025.

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship

The directors of the Group are of the review that the following companies and individual are related parties that had transactions or balances with the Group during the Relevant Periods.

Name of related party	Relationship with the Group
Dr. Zhang Xujia	Chief executive/Executive director of the Company
Mr. Wu Ning	Executive director of the Company
Dr. Zhai Peng	Executive director of the Company
Dr. Zhang Yuanyuan	Executive director of the Company
Beijing Nobot	Shareholder has significant influence of the Company
Tianjin QL Biopharma	Under control of the controlling shareholder of the Company

(b) Other transactions with related parties:

(i) Dr. Zhang Xujia has guaranteed the Group's bank borrowings up to RMB50,000,000 as at 31 December 2024 and 2025, respectively.

(ii) Dr. Zhai Peng and Mr. Wu Ning have guaranteed the Group's bank borrowings up to RMB40,000,000 as at 31 December 2024 and 2025, respectively.

(c) Transactions with related parties:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Provision of research and development services to Beijing Nobot	16,679	30,555

(d) Outstanding balances with related parties:

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Prepayments, other receivables and other assets:		
Due from Tianjin QL Biopharma	138	138
Other payables and accruals:		
Due to Dr. Zhang Xujia under "HICOOL Entrepreneurship Competition" Prize Money*	—	2,000
Due to Dr. Zhang Xujia under "Fengcheng Talent Plan"**	—	50
Due to Dr. Zhai Peng under "Fengcheng Talent Plan"**	—	50
Due to Dr. Zhang Yuanyuan under "Fengcheng Talent Plan"**	—	50
Due to Dr. Zhang Xujia under "Changju Engineering Talent Service Guarantee Fund"***	—	15
Contract liabilities:		
Due to Beijing Nobot	42,226	72,781

* The HICOOL Entrepreneurship Competition is a comprehensive international talent entrepreneurship event organised by the Beijing Association for Overseas Talents. Dr. Zhang Xujia won the first prize in the HICOOL Entrepreneurship Competition, with a prize of RMB2,000,000. The Company has received the prize but has not yet paid to Dr. Zhang Xujia.

** It represents the allowance provided under "Fengcheng Talent Program" (鳳城英才計畫) special biopharmaceuticals project of Taizhou city for high-level innovative talents. The Company has received the allowance but has not yet paid to those individuals.

*** It represents the allowance provided under "Changju Engineering Talent Service Guarantee Fund" (昌聚工程人才服務保障資金). The Company has received the allowance but has not yet paid to Dr. Zhang Xujia.

The Group's balances due to Dr. Zhang Xujia, Dr. Zhai Peng and Dr. Zhang Yuanyuan are non-trade in nature and are unsecured.

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

	As at 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	6,604	6,883
Pension scheme contributions	264	272
Total compensation paid to key management personnel	6,868	7,155

Further details of directors' remuneration are included in note 8.

The Company has not provided any form of guarantee in connection with any potential failure of the co-founders to fulfill their obligations relating to the redemption rights granted by co-founders. Accordingly, no financial liability regarding redemption rights granted by co-founders was recorded by the Company during Track Record Periods.

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

2024

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	—	1,613	1,613
Trade receivables	—	2,149	2,149
Financial assets at fair value through profit or loss	25,074	—	25,074
Cash and cash equivalents	—	35,079	35,079
Time deposits	—	20,083	20,083
Total	25,074	58,924	83,998

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	10,835
Financial liabilities included in other payables and accruals	4,132
Interest-bearing bank borrowings	47,223
Total	62,190

2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets	—	1,838	1,838
Trade receivables	—	165	165
Financial assets at fair value through profit or loss	10,213	—	10,213
Cash and cash equivalents	—	31,195	31,195
Total	10,213	33,198	43,411

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	11,672
Financial liabilities included in other payables and accruals	5,533
Interest-bearing bank borrowings	46,956
Total	64,161

For the details of Pre-[REDACTED] Investments, please refer to note 24 to this report.

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The Group invests in financial assets at fair value through profit or loss, which represent wealth management products issued by financial institutions in the Chinese Mainland. The fair values are based on cash flows discounted using the expected yield rate.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's interest-bearing bank borrowings are primarily at variable interest rates, with interest rates reset periodically to reflect prevailing market rates. As a result, the carrying amounts of these borrowings are deemed to approximate their fair values. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 and 2025 were assessed to be insignificant.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	25,074	—	25,074

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	—	10,213	—	10,213

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2025.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and other non-current liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors and senior management meet periodically to analyse and formulate measures to manage the Group's exposure to these risks.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax	(Decrease)/ increase in equity
		RMB'000	*RMB'000*
Year ended 31 December 2024	100/(100)	306/(306)	(306)/306
Year ended 31 December 2025	100/(100)	369/(369)	(369)/369

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and AUD exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD and AUD denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in exchange rate	(Decrease)/ increase in loss before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
2024			
If RMB weakens against the USD	5	(554)	554
If RMB strengthens against the USD	(5)	554	(554)
If RMB weakens against the AUD	5	(172)	172
If RMB strengthens against the AUD	(5)	172	(172)
2025			
If RMB weakens against the USD	5	(385)	385
If RMB strengthens against the USD	(5)	385	(385)

Credit risk

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

For financial assets included in prepayments, other receivables and other assets relate to receivables for which there was no recent history of default and past due amounts. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that deposits and other receivables relate to diversified counterparties, there is no significant concentration of credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balances.

Maximum exposure and year-end staging

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

The Group

As at 31 December 2024

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	—	2,149	2,149
Financial assets included in prepayments, other receivables and other assets — Normal**	1,613	—	1,613
Cash and cash equivalents — Not yet past due	35,079	—	35,079
Time deposits	20,083	—	20,083
Total	56,775	2,149	58,924

The Group

As at 31 December 2025

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	—	165	165
Financial assets included in prepayments, other receivables and other assets — Normal**	1,838	—	1,838
Cash and cash equivalents — Not yet past due	31,195	—	31,195
Total	33,033	165	33,198

* For trade receivables to which the Group applies the simplified approach for impairment.

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

Liquidity risk

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

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

The Group

	Less than 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2024			
Lease liabilities	4,296	5,946	10,242
Trade payables	10,835	—	10,835
Financial liabilities included in other payables and accruals	4,132	—	4,132
Interest-bearing bank borrowings	19,069	33,840	52,909
Total	38,332	39,786	78,118

	Less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025				
Lease liabilities	4,663	5,839	51	10,553
Trade payables	11,672	—	—	11,672
Financial liabilities included in other payables and accruals	5,533	—	—	5,533
Interest-bearing bank borrowings	12,443	38,697	—	51,140
Total	34,311	44,536	51	78,898

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

33. INVESTMENTS IN SUBSIDIARIES

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interests in subsidiaries, at cost	62,832	62,832
— Zhitai Pharmaceuticals (Taizhou) Co., Ltd.	50,000	50,000
— QL Biopharmaceutical Australia Pty Ltd.	12,832	12,832

Details of the subsidiaries of the Company are disclosed in note 1 to the Historical Financial Information.

34. EVENTS AFTER THE RELEVANT PERIODS

On 19 January 2026, a share subscription agreements ("**Series C Share Subscription Agreements**") were entered into among the Company, the other then shareholders and other investors. Pursuant to the Series C Share Subscription Agreements, the investors agreed to subscribe for an aggregate of 582,115 paid-in capital at a total subscription price of RMB531,290,000, which were received by the Company in January and February 2026.

Pursuant to the promoters' agreement dated 10 April 2026, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net asset value of the Company as at 28 February 2026, the conversion base date, was approximately RMB505,536,000, of which (i) the amount of RMB30,000,000 was converted to 30,000,000 shares with par value of RMB1 per share; and (ii) the remaining amount of approximately RMB475,536,000 was transferred to capital reserve. The above conversion was completed on 13 April 2026.

35. SUBSEQUENT FINANCIAL STATEMENTS

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