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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ALEBUND PHARMACEUTICALS (JIANGSU) LIMITED, JEFFERIES HONG KONG LIMITED, MERRILL LYNCH (ASIA PACIFIC) LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Alebund Pharmaceuticals (Jiangsu) Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[●] to I-[●], 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-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "**Document**") in connection with the initial [**REDACTED**] of the shares of the Company on the [**REDACTED**] of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 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
[**REDACTED**]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
REVENUE	5	6,525	30,556
Cost of sales		(4,140)	(17,110)
Gross profit		2,385	13,446
Other income	5	4,534	7,335
Selling expenses		(15,171)	(36,337)
Administrative expenses		(62,113)	(251,295)
Research and development expenses		(235,367)	(372,574)
Other (losses)/gains	5	(22)	974
Share of the profit or loss of an associate and a joint venture		2	(2,821)
Finance costs	7	(29,378)	(110,547)
LOSS BEFORE TAX	6	(335,130)	(751,819)
Income tax expense	10	–	–
LOSS FOR THE YEAR		(335,130)	(751,819)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		20,428	(2,286)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		20,428	(2,286)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(314,702)	(754,105)
Loss attributable to:			
Owners of the parent		(326,026)	(750,038)
Non-controlling interests		(9,104)	(1,781)
		(335,130)	(751,819)
Total comprehensive loss attributable to:			
Owners of the parent		(305,598)	(752,324)
Non-controlling interests		(9,104)	(1,781)
		(314,702)	(754,105)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	(1.20)	(3.07)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	610,088	596,978
Right-of-use assets	*14(a)*	17,947	15,957
Intangible assets	*15*	10,387	9,043
Investments in a joint venture		3,261	3,276
Investments in an associate	*16*	–	63,366
Prepayments, other receivables and other assets	*17*	78,681	92,596
Total non-current assets		720,364	781,216
CURRENT ASSETS			
Inventories		6,118	10,268
Trade receivables		865	–
Prepayments, other receivables and other assets	*17*	2,678	17,283
Amounts due from related parties	*30*	13,054	5
Financial assets at fair value through profit or loss	*18*	–	145,460
Time deposits with original maturity over three months	*19*	22,291	27,375
Cash and cash equivalents	*19*	343,770	358,325
Total current assets		388,776	558,716
CURRENT LIABILITIES			
Trade and other payables	*20*	199,657	168,937
Interest-bearing bank borrowings	*21*	28,000	–
Lease liabilities	*14(b)*	3,690	3,691
Contract liabilities	*22*	–	67,201
Redemption liabilities on ordinary shares	*24*	1,712,630	–
Total current liabilities		1,943,977	239,829
NET CURRENT (LIABILITIES)/ASSETS		(1,555,201)	318,887
TOTAL ASSETS LESS CURRENT LIABILITIES		(834,837)	1,100,103
NON-CURRENT LIABILITIES			
Other payables	*20*	18,595	1,936
Interest-bearing bank borrowings	*21*	445,300	545,326
Lease liabilities	*14(b)*	2,156	403
Deferred income	*23*	40,305	49,195
Total non-current liabilities		506,356	596,860
Net (liabilities)/assets		(1,341,193)	503,243
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital/share capital	*25*	153,615	283,097
Reserves	*27*	(1,484,003)	220,146
		(1,330,388)	503,243
Non-controlling interests		(10,805)	–
Total (deficits)/equity		(1,341,193)	503,243

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*	Other reserves*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	195,597	–	89,040	(180,590)	(26,203)	(838,938)	(761,094)	(1,701)	(762,795)
Loss for the year	–	–	–	–	–	(326,026)	(326,026)	(9,104)	(335,130)
Exchange translation differences	–	–	–	–	20,428	–	20,428	–	20,428
Total comprehensive loss for the year	–	–	–	–	20,428	(326,026)	(305,598)	(9,104)	(314,702)
Deemed contribution from a related party	–	–	–	2,039	–	–	2,039	–	2,039
Capital reduction (*note 25*)	(175,905)	–	–	175,905	–	–	–	–	–
Capital injection (*note 25*)	133,923	1,280,794	–	–	–	–	1,414,717	–	1,414,717
Recognition of redemption liabilities on ordinary shares (*note 24*)	–	–	–	(1,681,712)	–	–	(1,681,712)	–	(1,681,712)
Acquisition of subsidiaries under common control	–	–	–	(20,640)	–	–	(20,640)	–	(20,640)
Share-based payment compensation (*note 26*)	–	–	21,900	–	–	–	21,900	–	21,900
As at 31 December 2024	153,615	1,280,794	110,940	(1,704,998)	(5,775)	(1,164,964)	(1,330,388)	(10,805)	(1,341,193)

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

Year ended 31 December 2025

	Attributable to owners of the parent								
	Paid-in capital/Share capital	Capital reserve*	Share-based payment reserve*	Other reserves*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	153,615	1,280,794	110,940	(1,704,998)	(5,775)	(1,164,964)	(1,330,388)	(10,805)	(1,341,193)
Loss for the year	–	–	–	–	–	(750,038)	(750,038)	(1,781)	(751,819)
Exchange translation differences	–	–	–	–	(2,286)	–	(2,286)	–	(2,286)
Total comprehensive loss for the year	–	–	–	–	(2,286)	(750,038)	(752,324)	(1,781)	(754,105)
Capital injection *(note 25)*	63,269	472,515	–	–	–	–	535,784	–	535,784
Acquisition of non-controlling interests	–	(13,086)	–	–	–	–	(13,086)	12,586	(500)
Recognition of redemption liabilities on ordinary shares *(note 24)*	–	–	–	(172,500)	–	–	(172,500)	–	(172,500)
Termination of redemption liabilities on ordinary shares *(note 24)*	–	–	–	1,975,911	–	–	1,975,911	–	1,975,911
Share of other reserve of an associate	–	–	–	(915)	–	–	(915)	–	(915)
Conversion into a joint stock company *(note 25)*	66,213	(616,550)	–	–	–	550,337	–	–	–
Share-based payment compensation *(note 26)*	–	–	260,761	–	–	–	260,761	–	260,761
As at 31 December 2025	283,097	1,123,673	371,701	97,498	(8,061)	(1,364,665)	503,243	–	503,243

* These reserve accounts comprised the consolidated reserves of RMB(1,484,003,000) and RMB220,146,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2024	2025
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		(335,130)	(751,819)
Adjustments for:			
Finance costs	*7*	29,378	110,547
Share of (profit)/loss of an associate and a joint venture		(2)	2,821
Interest income		(776)	(1,554)
Depreciation of property, plant and equipment	*13*	5,872	38,536
Depreciation of right-of-use assets	*14(a)*	5,612	5,047
Amortisation of other intangible assets	*15*	1,065	1,156
Share-based payment compensation	*26*	21,900	260,761
Loss on disposal of items of property, plant and equipment	*5*	3	95
Fair value gains on financial assets at FVTPL	*5*	–	(1,945)
Net foreign exchange gains, net		(3,857)	310
		(275,935)	(336,045)
Increase in inventories		(6,118)	(4,150)
(Increase)/decrease in trade receivables		(865)	865
Increase in prepayments, other receivables and other assets		(2,264)	(32,776)
Increase in trade and other payables		4,132	74,059
Increase in contract liabilities		–	127
Increase in deferred income		30,774	8,890
Cash used in operating activities		(250,276)	(289,030)
Interest received		379	1,142
Net cash flows used in operating activities		(249,897)	(287,888)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(230,626)	(101,622)
Purchases of items of intangible assets		(6,041)	–
Placement of time deposits with original maturity over three months		(22,291)	(23,866)
Maturity of time deposits with original maturity over three months		8,744	19,005
Purchase of financial assets at fair value through profit or loss		–	(1,091,150)
Proceeds from disposal of financial assets at fair value through profit or loss		–	947,635
Loans to related parties	*30*	(7,196)	–
Receipt of repayments of loans to related parties	*30*	–	13,176
Net cash flows used in investing activities		(257,410)	(236,822)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital injection from shareholders		1,344,717	535,784
New bank and other borrowings		384,622	145,026
Repayment of bank and other borrowings		(51,511)	(113,000)
Interest paid on bank borrowings		(14,570)	(18,994)

	Notes	Year ended 31 December 2024	2025
		RMB'000	*RMB'000*
Payments of lease liabilities		(5,694)	(5,052)
Loans from related parties	*30*	32,554	–
Repayments of loans to related parties	*30*	(528,826)	–
Payment of [**REDACTED**]		[**REDACTED**]	[**REDACTED**]
Acquisition of subsidiaries under common control	*30*	(373,620)	–
Acquisition of non-controlling interests		–	(500)
Net cash flows from financing activities		787,672	541,716
NET INCREASE IN CASH AND CASH EQUIVALENTS		280,365	17,006
Cash and cash equivalents at beginning of year		63,149	343,770
Effect of foreign exchange rate changes, net		256	(2,451)
Cash and cash equivalents at end of year	*19*	343,770	358,325
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances, unrestricted		343,770	358,325
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		343,770	358,325

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2024	As at 31 December 2025
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	592,843	583,704
Right-of-use assets	*14(a)*	12,317	11,858
Intangible assets	*15*	1,032	928
Prepayments, other receivables and other assets	*17*	58,596	86,624
Investments in subsidiaries	*1*	149,027	409,772
Total non-current assets		813,815	1,092,886
CURRENT ASSETS			
Prepayments, other receivables and other assets	*17*	519	7,073
Amounts due from related parties		230,095	160,869
Financial assets at fair value through profit or loss	*18*	–	145,460
Time deposits with original maturity over three months	*19*	22,291	27,375
Cash and cash equivalents	*19*	331,010	327,763
Total current assets		583,915	668,540
CURRENT LIABILITIES			
Trade and other payables	*20*	155,603	111,826
Amounts due to subsidiaries		196,647	48,624
Redemption liabilities on ordinary shares	*24*	1,712,630	–
Total current liabilities		2,064,880	160,450
NET CURRENT (LIABILITIES)/ASSETS		(1,480,965)	508,090
TOTAL ASSETS LESS CURRENT LIABILITIES		(667,150)	1,600,976
NON-CURRENT LIABILITIES			
Other payables	*20*	18,595	1,936
Interest-bearing bank borrowings	*21*	445,300	545,326
Deferred income	*23*	40,305	49,195
Total non-current liabilities		504,200	596,457
Net (liabilities)/assets		(1,171,350)	1,004,519
EQUITY			
Paid-in capital/share capital	*25*	153,615	283,097
Reserves	*27*	(1,324,965)	721,422
Total (deficits)/equity		(1,171,350)	1,004,519

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Alebund Pharmaceuticals (Jiangsu) Limited (the "**Company**") was established in the People's Republic of China (the "**PRC**") on 20 May 2021 as a limited liability company. On 10 October 2025, the Company was converted into a joint stock company with limited liability under PRC Company Law. The registered office of the Company is located at Building 7, No. 7 Jinzhuang Road, Hanjiang District, Yangzhou City, Jiangsu Province, PRC.

The Company and its subsidiaries (the "**Group**") are principally engaged in development, manufacturing and commercialization of renal products.

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

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Alebund Pharmaceuticals (Shanghai) Co., Ltd.* 禮邦藥業(上海)有限公司 *(note a)*	PRC/Chinese mainland 25 July 2022	RMB30,000,000	100%	–	Research and development
Alebund Pharmaceuticals (Yangzhou) Co., Ltd.* 禮邦藥業(揚州)有限公司 *(note a)*	PRC/Chinese mainland 5 June 2024	RMB10,000,000	100%	–	Manufacturing
Alebund Pharmaceuticals Manufacturing (Yangzhou) Co., Ltd.* 禮邦製藥(揚州)有限公司 *(note a)*	PRC/Chinese mainland 31 May 2024	RMB100,000,000	100%	–	Manufacturing
Shanghai Alebund Pharmaceuticals Limited* 上海禮邦醫藥科技有限公司 *(note a)*	PRC/Chinese mainland 23 April 2018	RMB122,567,446	100%	–	Research and development
Alebund Pharmaceuticals (Hong Kong) Limited *(note b)*	Hong Kong 23 January 2019	Hong Kong dollar ("**HKD**")13	100%	–	Commercialization
Shanghai Lichu Pharmaceuticals Ltd.* 上海禮初醫藥科技有限公司 *(note a)*	Chinese mainland 19 April 2021	RMB5,000,000	–	100%	Research and development
Shanghai Alezyme Pharmaceuticals Ltd.* 上海君祉醫藥科技有限公司 *(note a)*	Chinese mainland 4 January 2022	RMB8,970,000	–	100%	Research and development
Alebund Biotech USA Inc. *(note c)*	United States of America 8 February 2022	United States dollar ("**USD**")10	–	100%	Research and development

Notes:

a. The statutory financial statements of these entities for the year ended 31 December 2024 prepared in accordance with Accounting Standards for Business Enterprises were audited by Shanghai Xusheng Certified Public Accountants LLP, certified public accountants registered in the PRC.

b. The financial statements of this entity for the year ended 31 December 2024 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants were audited by ECOVIS Focus Hong Kong CPA Limited, certified public accountants registered in Hong Kong.

c. No audited financial statements have been prepared for this entity for the year ended 31 December 2024 and 2025 as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to directly translate their Chinese names as they did not register any official English names.

The Company

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Investment, at cost	149,027	409,772

Management assessed that no impairment indicator was identified for the investments in subsidiaries during the Relevant Periods. Since the subsidiaries are the main operating entities within the Group, the valuation of the Group is mainly derived from the subsidiaries, which is larger than the investments in subsidiaries. The subsidiaries are principally engaged in research and development activities. Their continuing losses are consistent with the Group's research and development stage and the project progress remains in line with expectations.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, 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 certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements 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 periods as the Company, using consistent accounting policies. Except for the subsidiaries acquired under common control, the results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

Merger accounting for business combination involving entities under common control

Pursuant to the unwinding of the red-chip holding structure of Alebund Biotech Inc., as more fully explained in the section headed "HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE" in the Document, the Company became the holding company of the companies now comprising the Group in April 2024. The unwinding of the red-chip holding structure did not resulted in any change of respective voting and beneficial interests and economic substance. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the unwinding had been completed at the beginning of the Relevant Periods.

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 the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries were established, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2024 and 2025 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholders' perspective.

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.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to 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 amended IFRS Accounting Standards upon initial application. IFRS 18 introduce new requirements on presentation within profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that IFRS 19 and the amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in an associate are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statements of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate is included as part of the Group's investments in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its wealth management products 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 financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Buildings	27 years
Leasehold improvements	2-5 years
Electronic devices	3 years
Machinery	10 years
Office equipment	5 years

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

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

In-licensed commercialised drug

In-licensed commercialised drug is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated economic life of 10 years.

Research and development costs

During the Relevant Periods, all research costs are charged to profit or loss as incurred.

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	30 years
Plant and properties	2 to 3 years

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

(b) Lease liabilities

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

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

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

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

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

Derecognition of financial assets

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

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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or as 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. Redemption liabilities are initially recognised at the net present value of redemption amount.

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings, amounts due to related parties and redemption liabilities on ordinary shares.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, borrowings and redemption liabilities on ordinary shares)

After initial recognition, trade and other payables, interest-bearing bank borrowings and redemption liabilities on ordinary shares 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification method and, in the case of finished goods. 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 at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

Income tax

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

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

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

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

- 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, associates and joint ventures, 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, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods 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.

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

The revenue from a licence is recognised over time if all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a); and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur

Otherwise, revenue is recognised at a point in time when the customer obtains the control of the license.

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the pharmaceutical products.

Collaboration arrangement

Revenue from licensing intellectual property is recognised at the point in time, when the control of the intellectual property is transferred to the licensee and the licensee is reasonably able to use and benefit from the licensee, which includes upfront non-refundable and non-monetary considerations, milestone considerations and sales-based royalties.

Upfront non-refundable and non-monetary considerations are recognised when the control of the intellectual property is transferred to the licensee. While milestone considerations are recognised when it is highly probable that a significant revenue reversal would not occur and measured at the most likely amount. Sales-based royalties are recognised at the later of (i) when the related sales occur, and (ii) when the performance obligations to which some or all of the royalties have been allocated have been satisfied (or partially satisfied).

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 schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, 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 scheme

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

Borrowing costs

Borrowing costs directly attributable to the 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 capitalized as part of the cost of those assets. The capitalization 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 reporting period. 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).

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

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, 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 subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the 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. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Research and development costs

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are 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 judgments on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax 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.

Estimation uncertainty

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

Accrual of research and development expenses

The Group relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred as "**Outsourced Service Providers**") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestones achieved.

Impairment of non-financial assets

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

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

An assessment is made at the end of each 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 the prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

As of 31 December 2024 and 2025, no indicators of the impairment for such non-financial assets are identified notwithstanding that the Group recorded a loss for the years end 31 December 2024 and 2025, since (i) the assets' value have not declined significantly, (ii) the assets are not obsolete or physically damaged; and (iii) the actual loss of the Group for the years ended 31 December 2024 and 2025, is narrower than the estimated loss.

Fair value measurement for non-monetary consideration

The fair value of the non-monetary consideration received from the licensing revenue is determined using valuation techniques and the Company uses its judgment to select a method and makes assumptions that are mainly based on market conditions existing on the subscription date. Further details are included in note 5 to the Historical Financial Information. Should any of the estimates and assumptions change, it may lead to a material change in the fair value of the non-monetary consideration.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which engages in development, manufacturing and commercialisation of renal products. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

Since all of the Group's revenue was derived from a customer located in Chinese mainland and nearly all of the Group's non-current assets were located in Chinese mainland, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about a major customer

All of revenue of RMB6,525,000 and RMB30,556,000 for the Relevant Periods was derived from the sale of pharmaceutical products to a single customer, respectively.

5. REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES)

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Revenue from the sale of pharmaceutical products – at a point in time	6,525	30,556

Performance obligations

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 30 days from delivery.

Collaboration arrangement

In December 2025, the Group entered into a collaboration agreement ("**R1 Agreement**") with R1 Therapeutics, Inc. ("**R1 Therapeutics**") for development, manufacturing and otherwise exploiting AP306, a pan-phosphate transporter inhibitor for hyperphosphatemia, outside Chinese mainland, Hong Kong, Macau and Taiwan. Pursuant to the R1 Agreement, the Group was entitled to receive 13,253,968 unlisted class B common shares of R1 Therapeutics as upfront, non-monetary and non-refundable consideration, and is also entitled to receive future milestone payments, which are contingent on future events and represent variable consideration, further non-monetary consideration resulting from the anti-dilution protection mechanisms designed to maintain 21.25% of the ownership of R1 Therapeutics (on a fully diluted basis) and tiered royalty payments based on net sales in the relevant territories. As of 31 December 2025, the performance obligation of the collaboration agreement has not been satisfied, with its fulfillment expected within one year. The Group recognised contract liabilities of RMB67,074,000 which equaled to the fair value of class B common shares of R1 Therapeutics on the subscription date. As of 31 December 2025, the issuance of these shares to the Group has been completed. The Group has used the back-solve method to determine the underlying class B common shares value of R1 Therapeutics with reference to the recent preferred share financing of R1 Therapeutics. Key assumptions as of the share subscription date are set out below:

Expected volatility	56.88%
Discount for lack of marketability	21.9%
Risk-free interest rate	3.57%

An analysis of other income and other (losses)/gains is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other income		
Consulting income	44	–
Bank interest income	570	1,432
Government grants *(note a)*	3,365	5,499
Others	555	404
Total other income	4,534	7,335
Other (losses)/gains		
Loss on disposal of items of property, plant and equipment	(3)	(95)
Fair value gains on financial assets at FVTPL	–	1,945
Donations	(70)	(749)
Net foreign exchange gains/(losses), net	51	(127)
Total other (losses)/gains	(22)	974

Note a: Government grants were received mainly as compensation for the operating activities of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December	
		2024	2025
		RMB'000	*RMB'000*
Cost of inventories sold		3,541	16,079
Depreciation of property, plant and equipment	*13*	5,872	38,536
Depreciation of right-of-use assets	*14(a)*	5,612	5,047
Amortisation of intangible assets	*15*	1,065	1,156
Lease payments not included in the measurement of lease liabilities	*14(c)*	641	267
Government grants	*5*	(3,365)	(5,499)
Fair value gains on financial assets at FVTPL	*5*	–	(1,945)
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]
Auditor's remuneration		38	40
Loss on disposal of items of property, plant and equipment	*5*	3	95
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*:			
– Salaries, allowances and benefits in kind		97,097	107,271
– Equity settled share-based payments		21,900	260,761
– Pension scheme contributions		13,434	13,559
Subtotal		132,431	381,591

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest on bank borrowings	13,569	19,523
Interest on redemption liabilities on ordinary shares	27,720	90,781
Interest on lease liabilities	387	243
Total interest expense on financial liabilities not at fair value through profit or loss	41,676	110,547
Less: Interest capitalised	(12,298)	–
Total	29,378	110,547

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	8,256	12,992
Pension scheme contributions	51	142
Equity-settled share-based payments	21,900	195,420
Total emoluments	30,207	208,554

Certain directors were granted restricted shares and share options, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 26 to the Historical Financial Information. The fair values of such restricted shares and share options, which have been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

(a) Directors and the chief executive

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Equity-settled share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Director and chief executive officer:				
Dr. Gavin Guoyao Xia *(a)*	3,241	13,988	–	17,229
Directors:				
Jin Tian, M.D. *(b)*	3,013	7,912	–	10,925
Ms. Wang Yun *(c)*	1,968	–	50	2,018
Dr. Zhang Huading *(f)*	34	–	1	35
Dr. Jin Jiaqi *(d)*	–	–	–	–
Dr. Tian Ziwei *(g)*	–	–	–	–
Dr. Yining Zhao *(d)*	–	–	–	–
Dr. Marietta Hui WU *(d)*	–	–	–	–
Dr. Deng Liang *(d)*	–	–	–	–
Dr. Lu An *(e)*	–	–	–	–
Subtotal	5,015	7,912	51	12,978
Total	8,256	21,900	51	30,207

Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Equity-settled share-based payments	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Director and chief executive officer:				
Dr. Gavin Guoyao Xia *(a)*	3,326	77,269	–	80,595
Directors:				
Jin Tian, M.D. *(b)*	3,783	40,245	–	44,028
Ms. Wang Yun *(c)*	2,681	59,911	71	62,663
Dr. Zhang Huading *(f)*	3,019	17,995	71	21,085
Dr. Tian Ziwei *(g)*	–	–	–	–
Dr. Yining Zhao *(d)*	–	–	–	–
Dr. Marietta Hui WU *(d)*	–	–	–	–
Dr. Deng Liang *(d)*	–	–	–	–
Dr. Lu An *(e)*	–	–	–	–
Dr. Xu Runhong *(h)*	61	–	–	61
Dr. Zhui Chen *(h)*	61	–	–	61
Mr. Leung Chi Wai *(h)*	61	–	–	61
Subtotal	9,666	118,151	142	127,959
Total	12,992	195,420	142	208,554

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

Notes:

(a) Dr. Gavin Guoyao Xia was appointed as a director of the Company with effect from May 2021 and was re-appointed as an executive director of the Company with effect from October 2025.

(b) Jin Tian, M.D. was appointed as a director of the Company with effect from May 2021 and was re-appointed as an executive director of the Company with effect from October 2025.

(c) Ms. Wang Yun was appointed as a director of the Company with effect from April 2024 and was re-appointed as an executive director of the Company with effect from October 2025.

(d) Dr. Jin Jiaqi, Dr. Deng Liang, Dr. Marietta Hui WU and Dr. Yining Zhao were appointed as directors of the Company with effect from April 2024. Dr. Jin Jiaqi has resigned as a director of the Company with effect from August 2024. Dr. Deng Liang resigned as a director of the Company with effect from August 2025. Dr. Marietta Hui WU and Dr. Yining Zhao resigned as directors of the Company with effect from October 2025.

(e) Dr. Lu An was appointed as a director of the Company with effect from August 2024 and was re-appointed as a non-executive director of the Company with effect from October 2025.

(f) Dr. Zhang Huading was appointed as a director of the Company with effect from December 2024 and was re-appointed as an executive director of the Company with effect from October 2025.

(g) Dr. Tian Ziwei was appointed as a director of the Company with effect from December 2024 and resigned as a director of the Company with effect from October 2025.

(h) Dr. Xu Runhong, Dr. Zhui Chen and Mr. Leung Chi Wai were appointed as independent non-executive directors of the Company with effect from October 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods, included four and four directors, respectively, details of whose remuneration are set out in note 8 above. In addition, included in the five highest paid employees for the year ended 31 December 2024 were two individuals being appointed as directors during the year. The total remuneration of these individuals for the year ended 31 December 2024, including the remuneration in respect of their qualifying services as directors, is comprised of salaries, allowance and benefits in kind of RMB5,873,000 and pension scheme contributions of RMB141,000. Details of the remuneration for the remaining one highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2024 and 2025 are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	2,883	2,728
Pension scheme contributions	71	71
Equity-settled share-based payments	–	34,265
Total	2,954	37,064

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

	Number of employees	
	Year ended 31 December	
	2024	2025
HK$3,000,001 to HK$3,500,000	1	–
HK$40,000,001 to HK$40,500,000	–	1
Total	1	1

During the year ended 31 December 2025, share options were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 26 to the Historical Financial Information. The fair value of such options, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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.

Hong Kong

The Group's subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax was provided for as the Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

United States of America

The entity in the State of Delaware is subject to Federal Tax at a rate of 21% and State of Delaware Profits Tax at a rate of 8.7%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions were recorded during the Relevant Periods.

Australia

Under the Treasury Law Amendment (Enterprise Tax Plan Base Rate Entitles) Bill 2017 of Australia, corporate entity who qualified as a small business entity is eligible for the lower corporate tax rate at 25% during the Relevant Periods. The subsidiary incorporated in Australia is qualified as a small business entity and is subject to the lower company income tax rate on the estimated assessable profits.

Chinese mainland

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Support the Development of Small Low-profit Enterprises and Self-employed Businesses" (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), Alebund Pharmaceuticals (Shanghai) Co., Ltd., Alebund Pharmaceuticals Manufacturing (Yangzhou) Co., Ltd., Alebund Pharmaceuticals (Yangzhou) Co., Ltd. and Shanghai Lichu Pharmaceutical Ltd, whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy has taken effect on 1 January 2023 and will expire on 31 December 2027.

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current income tax	–	–

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(335,130)	(751,819)
Tax at the statutory tax rate	(83,783)	(187,955)
Lower tax rates for specific jurisdiction or enacted by local authority	3,623	2,277
Profits and losses attributable to an associate and a joint venture	(1)	705
Expenses not deductible for tax	13,347	89,137
Additional deductible allowance for qualified research and development costs	(17,599)	(24,955)
Tax losses and deductible temporary differences not recognised	84,413	120,791
Tax charge at the Group's effective rate	–	–

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Tax losses	1,023,352	1,498,084
Deductible temporary differences	40,950	61,304
Total	1,064,302	1,559,388

The tax losses of the Company's PRC entities will expire within five years. The tax losses of the Company's other subsidiaries can be carried forward indefinitely. The unrecognised deductible temporary differences are mainly related to deferred income. No deferred tax asset has been recognised in respect of the tax losses and deductible temporary differences as Group is not considered probable that taxable profits will be available against which the above items can be utilised.

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Gross deferred tax assets at end of the year – lease liabilities	1,407	1,019
Gross deferred tax liabilities at end of the year – right-of use assets	(1,407)	(1,019)

11. DIVIDENDS

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

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding after taking into account the retrospective adjustments on the assumption that the conversion into joint stock company with limited liability as disclosed in note 25 to the Historical Financial Information had been in effect on 1 January 2024.

The calculations of basic loss per share are based on:

	Year ended 31 December	
	2024	2025
Loss		
Loss attributable to ordinary equity holders of the parent, for the purpose of calculating basic loss per share (RMB'000)	(326,026)	(750,038)
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	271,599,672	244,209,896
Loss per share (basic) (RMB per share)	(1.20)	(3.07)

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the impact of redemption liabilities on ordinary shares and share options had an anti-dilutive effect on the basic loss per share amounts presented.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment	Electronic devices	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	–	16,458	489	973	15,796	270,289	304,005
Accumulated depreciation	–	(1,902)	(179)	(555)	(6,456)	–	(9,092)
Net carrying amount	–	14,556	310	418	9,340	270,289	294,913
At 1 January 2024, net of accumulated depreciation	–	14,556	310	418	9,340	270,289	294,913
Additions	–	–	7	78	–	320,965	321,050
Transfers	377,694	209,455	2,663	201	–	(590,013)	–
Disposals	–	–	–	(3)	–	–	(3)
Depreciation provided during the year	–	(1,671)	(92)	(283)	(3,826)	–	(5,872)
At 31 December 2024, net of accumulated depreciation	377,694	222,340	2,888	411	5,514	1,241	610,088
At 31 December 2024:							
Cost	377,694	225,913	3,159	1,242	15,796	1,241	625,045
Accumulated depreciation	–	(3,573)	(271)	(831)	(10,282)	–	(14,957)
Net carrying amount	377,694	222,340	2,888	411	5,514	1,241	610,088

	Buildings	Machinery	Office equipment	Electronic devices	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	377,694	225,913	3,159	1,242	15,796	1,241	625,045
Accumulated depreciation	–	(3,573)	(271)	(831)	(10,282)	–	(14,957)
Net carrying amount	377,694	222,340	2,888	411	5,514	1,241	610,088
At 1 January 2025, net of accumulated depreciation	377,694	222,340	2,888	411	5,514	1,241	610,088
Additions	142	60	19	32	354	24,914	25,521
Transfers	14,244	7,958	1,565	69	–	(23,836)	–
Disposals	–	(90)	–	(5)	–	–	(95)
Depreciation provided during the year	(13,423)	(21,519)	(580)	(209)	(2,805)	–	(38,536)
At 31 December 2025, net of accumulated depreciation	378,657	208,749	3,892	298	3,063	2,319	596,978
At 31 December 2025:							
Cost	392,080	233,808	4,743	1,257	16,150	2,319	650,357
Accumulated depreciation	(13,423)	(25,059)	(851)	(959)	(13,087)	–	(53,379)
Net carrying amount	378,657	208,749	3,892	298	3,063	2,319	596,978

The Company

	Buildings	Machinery	Office equipment	Electronic devices	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	–	1,893	96	176	3,841	270,185	276,191
Accumulated depreciation	–	(76)	(24)	(84)	(2,654)	–	(2,838)
Net carrying amount	–	1,817	72	92	1,187	270,185	273,353
At 1 January 2024, net of accumulated depreciation	–	1,817	72	92	1,187	270,185	273,353
Additions	–	–	7	35	–	320,948	320,990
Transfer	377,694	209,414	2,634	150	–	(589,892)	–
Disposals	–	–	–	(22)	–	–	(22)
Depreciation provided during the year	–	(284)	(19)	(71)	(1,104)	–	(1,478)
At 31 December 2024, net of accumulated depreciation	377,694	210,947	2,694	184	83	1,241	592,843
At 31 December 2024:							
Cost	377,694	211,307	2,737	318	3,841	1,241	597,138
Accumulated depreciation	–	(360)	(43)	(134)	(3,758)	–	(4,295)
Net carrying amount	377,694	210,947	2,694	184	83	1,241	592,843

	Buildings	Machinery	Office equipment	Electronic devices	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	377,694	211,307	2,737	318	3,841	1,241	597,138
Accumulated depreciation	–	(360)	(43)	(134)	(3,758)	–	(4,295)
Net carrying amount	377,694	210,947	2,694	184	83	1,241	592,843
At 1 January 2025, net of accumulated depreciation	377,694	210,947	2,694	184	83	1,241	592,843
Additions	143	83	16	31	–	24,822	25,095
Transfer	14,244	7,934	1,552	14	–	(23,744)	–
Disposals	–	–	–	(73)	–	–	(73)
Depreciation provided during the year	(13,423)	(20,132)	(503)	(66)	(37)	–	(34,161)
At 31 December 2025, net of accumulated depreciation	378,658	198,832	3,759	90	46	2,319	583,704
At 31 December 2025:							
Cost	392,081	219,336	4,304	235	3,841	2,319	622,116
Accumulated depreciation	(13,423)	(20,504)	(545)	(145)	(3,795)	–	(38,412)
Net carrying amount	378,658	198,832	3,759	90	46	2,319	583,704

As at 31 December 2025, certain of the Group's and the Company's property, plant and equipment with a net carrying amount of RMB503,687,000, were pledged to secure certain banking borrowings of the Group and the Company (note 21).

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties and leasehold land used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and properties generally have lease terms between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leasehold land	Plant and properties	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	12,776	10,777	23,553
Depreciation charge	(459)	(5,153)	(5,612)
Exchange rate fluctuation	–	6	6
As at 31 December 2024 and 1 January 2025	12,317	5,630	17,947
Additions	–	3,057	3,057
Depreciation charge	(459)	(4,588)	(5,047)
As at 31 December 2025	11,858	4,099	15,957

The Company

	Leasehold land
	RMB'000
As at 1 January 2024	12,776
Depreciation charge	(459)
As at 31 December 2024 and 1 January 2025	12,317
Depreciation charge	(459)
As at 31 December 2025	11,858

At the end of each of the Relevant Periods, the Group's and the Company's leasehold land located in Yangzhou city with a net carrying amount of RMB12,317,000 and RMB11,858,000, respectively, were pledged to secure banking borrowings granted to the Group (note 21).

(b) Lease liabilities

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

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	11,147	5,846
New leases	–	3,057
Accretion of interest recognised during the year	387	243
Payments	(5,694)	(5,052)
Exchange rate fluctuation	6	–
Carrying amount at the end of the year	5,846	4,094
Analysed into:		
Current portion	3,690	3,691
Non-current portion	2,156	403

The maturity analysis of lease liabilities is disclosed in note 33 to the Historical Financial Information.

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

The Group

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest on lease liabilities	387	243
Depreciation charge of right-of-use assets	5,612	5,047
Expense relating to short-term leases and low-value leases	641	267
Total amounts recognised in profit or loss	6,640	5,557

(d) The total cash outflow for leases is disclosed in note 28 to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

	In-licensed commercialised drug	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	5,116	170	5,286
Additions	5,000	1,041	6,041
Amortisation provided during the year	(1,036)	(29)	(1,065)
Exchange rate fluctuation	125	–	125
At 31 December 2024	9,205	1,182	10,387
At 31 December 2024 and at 1 January 2025:			
Cost	10,376	1,245	11,621
Accumulated amortisation and impairment	(1,171)	(63)	(1,234)
Net carrying amount	9,205	1,182	10,387
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation and impairment	9,205	1,182	10,387
Amortisation provided during the year	(1,031)	(125)	(1,156)
Exchange rate fluctuation	(188)	–	(188)
At 31 December 2025	7,986	1,057	9,043
At 31 December 2025:			
Cost	10,145	1,245	11,390
Accumulated amortisation and impairment	(2,159)	(188)	(2,347)
Net carrying amount	7,986	1,057	9,043

The Company

	Software
	RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	–
Additions	1,041
Amortisation provided during the year	(9)
At 31 December 2024	1,032
At 31 December 2024 and at 1 January 2025:	
Cost	1,041
Accumulated amortisation	(9)
Net carrying amount	1,032

	Software
	RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	1,032
Amortisation provided during the year	(104)
At 31 December 2025	928
At 31 December 2025:	
Cost	1,041
Accumulated amortisation	(113)
Net carrying amount	928

16. INVESTMENTS IN AN ASSOCIATE

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Share of net assets	–	63,366

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Ownership interest attributable to the Group	Principal activities
R1 Therapeutics, Inc.	Class B common shares with priority dividend	United States of America	31.24%	Research and development

The investments in R1 Therapeutics represents the non-monetary consideration received related to the R1 Agreement. The details of the transaction is set out in note 5 to the Historical Financial Information.

The following table illustrates the summarised financial information in respect of R1 Therapeutics adjusted for any differences in accounting policies with the Group and reconciled to the carrying amount in the consolidated financial statements of the Company:

	As at 31 December
	2025
	RMB'000
Current assets	266,180
Current liabilities	(5,964)
Net assets	260,216
Reconciliation to the Group's interest in the associate:	
Less: the holders of class A preferred shares of net assets of the associate	(57,380)
Proportion of the Group's ownership	31.24%
Carrying amount of the investment	63,366
Loss and other comprehensive loss for the period from share subscription date to 31 December 2025	(9,077)

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayment for equipment	4,323	–
Rental deposits	1,480	1,291
Value-added tax recoverable	72,278	91,305
Other deposits	600	–
Total	78,681	92,596
Current:		
Prepayments	2,370	9,748
Deposits	104	843
Other receivables	204	671
Deferred issue cost	–	6,021
Total	2,678	17,283

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayment for equipment	4,323	–
Value-added tax recoverable	53,673	86,624
Other deposits	600	–
Total	58,596	86,624
Current:		
Prepayments	324	158
Deposits	11	606
Other receivables	184	288
Deferred issue cost	–	6,021
Total	519	7,073

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 addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Wealth management products	–	145,460

The above wealth management products were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

19. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	343,770	358,325
Time deposits with original maturity over three months *(note (a))*	22,291	27,375
Denominated in		
RMB	347,852	187,609
USD	18,168	198,085
AUD	34	–
HKD	7	6

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	331,010	327,763
Time deposits with original maturity of over three months *(note (a))*	22,291	27,375
Denominated in		
RMB	340,343	158,070
USD	12,958	197,068

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. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

Note:

(a) The above investments represent time deposits with initial term of over three months when acquired (including three months) issued by commercial bank with annual return rate rating from 1.15% to 1.3% (2024: annual return rate rating from 1.2% to 1.5%). None of these investments are past due or impaired. None of these deposits are pledged.

20. TRADE AND OTHER PAYABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current:		
Trade payables	25,880	67,767
Payroll payables	15,935	18,119
Tax payables other than profit tax	2,494	3,205
Other payables	41,964	9,910
Payables for property, plant and equipment	113,384	49,619
Accrued [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	199,657	168,937
Non-current:		
Other payables	18,595	1,936

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current:		
Trade payables	951	33,005
Payroll payables	201	510
Tax payables other than profit tax	246	825
Other payables	41,495	7,549
Payables for property, plant and equipment	112,710	49,620
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	155,603	111,826
Non-current:		
Other payables	18,595	1,936

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

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	25,880	67,767

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	951	33,005

The trade payables are non-interest-bearing and are normally settled on 30 to 60 day terms.

21. INTEREST-BEARING BANK BORROWINGS

The Group

		31 December 2024			31 December 2025		
	Note	Effective interest rate	Maturity		Effective interest rate	Maturity	
		(%)		*RMB'000*	*(%)*		*RMB'000*
Current							
Bank loans — unsecured		3.5%-3.8%	2025	28,000			–
Non-current							
Bank loans — secured	*(a)*	3.6%-3.95%	2027-2030	445,300	3.5%-4.2%	2027-2030	545,326
Total				473,300			545,326

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
Within 1 year	28,000	–
1 to 5 years	400,000	545,326
Beyond five years	45,300	–
Total	473,300	545,326

The Company

	Note	31 December 2024			31 December 2025		
		Effective interest rate	Maturity		Effective interest rate	Maturity	
		(%)		*RMB'000*	*(%)*		*RMB'000*
Non-current							
Bank loans — secured . . .	*(a)*	3.6%-4.0%	2027-2030	445,300	3.5%-4.2%	2027-2030	545,326
Total.				445,300			545,326

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Analysed into:		
Bank loans:		
1 to 5 years	400,000	545,326
Beyond five years	45,300	–
Total	445,300	545,326

Note:

(a) The Group's and the Company's bank facilities amounting to RMB800,000,000 during the Relevant Periods of which RMB445,300,000 and RMB545,326,000 had been utilised as at 31 December 2024 and 31 December 2025, which are secured by the Shanghai Alebund Pharmaceuticals Limited and certain of the buildings, machineries, and a land use right of the Company located in Yangzhou city. The bank borrowings were also pledged by a 50% equity interest in Alebund Pharmaceuticals (Jiangsu) Limited held by Alebund Pharmaceuticals (Hong Kong) Limited in 2023 which were cancelled in 1 March 2024. The bank borrowings are subject to a covenant that requires the Company to maintain a gearing ratio less than 90%. The covenant is tested when the Group needs to apply for the new loans.

22. CONTRACT LIABILITIES

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Amounts received in advance for R1 Agreement *(note 5)*	–	67,074
Amounts received in advance for the sale of products	–	127
Total	–	67,201

23. DEFERRED INCOME

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Government grants related to assets	40,305	49,195

The Group received government grants of RMB28,461,000 and RMB13,479,000 from local government to subsidise the Group's purchase of property, plant and equipment during the years ended 31 December 2024 and 2025, respectively. The Group recorded the grants as deferred income in non-current liabilities, which is recognised as other income on a straight-line basis over the expected useful lives of the related assets.

24. REDEMPTION LIABILITIES ON ORDINARY SHARES

Following the unwinding of the red-chip holding structure in April 2024, the Company issued 2,845,424 series A shares, 3,271,347 series A+ shares, 5,054,130 series B shares, 3,545,560 series B+ shares, 1,256,574 series Pre-C shares with a par value of USD1.00 per share to several independent investors for a cash consideration of USD3.0458 per share, USD6.2585 per share, USD11.8715 per share, USD15.2302 per share and USD16.3550 per share, respectively.

In December 2024, the Company issued 3,751,716 series C shares with a par value of USD1.00 per share to several independent investors for a cash consideration of RMB115.2806 per share.

The key terms of the shares are summarised as follows:

(a) General redemption rights

Upon occurrence of the following events, the shares shall be redeemable by the Company at the option of the shareholders:

(i) The Company fails to achieve a qualified [**REDACTED**] or qualified overall sale of the Company before 30 June 2030;

(ii) any founder of the Company terminates his business relationship with the Group or ceases to hold any interest in the Group, directly or indirectly;

(iii) any founder of the Company (1) breaches any of its undertakings, agreements, obligations or other terms under the transaction documents; (2) causes a material loss to the Group; (3) misappropriation or theft of funds or assets of the Group or (4) infringement of patents, know-how or other intellectual property rights of the Group;

(iv) any subsidiary seriously violates its commitments, agreements, obligations or other terms under the transaction documents, causing significant losses to the Group.

The redemption amount is calculated as the sum of the original issue price of the shares, plus interest from the date of the initial investment by the then investors to Alebund Biotech Inc. calculated at an annual simple interest rate of 8% of the original investment principal plus any dividends declared but unpaid.

(b) Liquidation preferences

In the event of any liquidation, dissolution, winding up of the Company or deemed liquidation event, holders of the shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series equity share at 10% interest rate per annum, plus any dividends declared but unpaid thereon in the sequence as follows:

(1) series C shares

(2) series Pre-C shares

(3) series B+ shares

(4) series B shares

(5) series A+ shares

(6) series A shares

(c) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital for nil consideration to the investors or receive cash compensation, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Presentation and classification

The Group had consistently recognised redemption liabilities on ordinary shares measured at amortised cost as not all redemption events are within the control of the Company. Any changes in the carrying amount of the financial liabilities were recorded to profit or loss.

The Company did not have any contractual obligation to the investors before April 2024 and no redemption liabilities were recognised before April 2024 since that Alebund Biotech Inc., the former ultimate parent of the Company, rather than the Company, issued series A, A+, B, B+ and pre-C shares to the investors before April 2024 and the Company issued such shares to the same investors after the completion of the unwinding of the red-chip holding structure.

Redemption liabilities on ordinary shares as at 31 December 2024 are classified as current liabilities as the redemption events can be triggered at any time. Pursuant to the supplemental shareholders' agreement dated on 26 September 2025, the general redemption rights granted to the shareholders, which were redeemable by the Company, were irrevocably terminated and the redemption liabilities on ordinary shares were credited to other reserve.

The movements of redemption liabilities on ordinary shares of the Company are set out as follows:

	RMB'000
As at 1 January 2024	–
Issue of ordinary shares	1,405,040
Interest payable incurred on behalf of Alebund Biotech Inc. *(note (a))*	279,870
Accretion of interest	27,720
As at 31 December 2024 and 1 January 2025	1,712,630
Issue of ordinary shares	172,500
Accretion of interest	90,781
Termination of redemption liabilities on ordinary shares	(1,975,911)
As at 31 December 2025	–

Note:

(a) Pursuant to the terms of the shareholders' agreements, the interest calculation period begins when the funding from series A to Pre-C round investors was transferred to Alebund Biotech Inc..

25. PAID-IN CAPITAL/SHARE CAPITAL

The Company was incorporated in May 2021 with an initial registered capital of USD30,000,000. For the change of paid-in capital before the Relevant Periods, please refer to the section headed "History, Development and Corporate Structure" in the Document.

A summary of movements in the Company's paid-in capital/share capital during the Relevant Periods is as follows:

	Number of ordinary shares	**Paid-in capital/ share capital**
		RMB'000
As at 1 January 2024	N/A	195,597
Capital reduction *(a)*	N/A	(175,905)
Capital injection *(a)*	N/A	133,923
As at 31 December 2024 and 1 January 2025	N/A	153,615
Capital injection *(b)*	N/A	38,172
Conversion into a joint stock company *(c)*	258,000,000	66,213
Capital injection *(d)*	25,096,831	25,097
As at 31 December 2025	283,096,831	283,097

Notes:

(a) In April 2024, Alebund Pharmaceuticals (Hong Kong) Limited reduced USD26,980,000 paid-in capital of the Company. In 2024, certain third-party investors subscribed USD18,813,000 paid-in capital, with RMB133,923,000 and RMB1,280,794,000 credited to the Company's paid-in capital and capital reserve, respectively.

(b) From January to August 2025, certain investors subscribed USD5,324,000 paid-in capital, with RMB38,172,000 and RMB162,612,000 credited to the Company's paid-in capital and capital reserve, respectively.

(c) Pursuant to the shareholders' resolutions and the promoters' agreement dated 30 September 2025, the shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net assets of the Company as of the conversion base date were converted into 258,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve. Upon the completion of registration with the Administration of Market Regulation of Yangzhou City on 10 October 2025, the Company was converted into a joint stock company with limited liability under PRC Company Law.

(d) In October 2025, the Company completed its crossover financing and raised additional RMB335,000,000 by issuing 25,096,831 number of shares with no redemption features at a price of RMB13.35 per share, with RMB25,097,000 and RMB309,903,000 credited to the Company's share capital and capital reserve, respectively.

26. SHARE-BASED PAYMENTS

Alebund Cayman restricted shares

On 15 April 2021, Alebund Biotech Inc. ("**Alebund Cayman**"), the former ultimate parent of the Company, granted 313,346 restricted shares to two directors of Alebund Cayman at a purchase price of USD0.0001 per share. 156,674 restricted shares shall vest immediately and 156,672 restricted shares shall vest as to one-third of the total number of restricted shares on the first anniversary of the vesting commencement date, and the remaining two-thirds (2/3) of the total number of the restricted shares shall vest upon each successive monthly anniversary for the next 24 months following first anniversary of the vesting commencement date.

On 5 July 2021, Alebund Cayman granted 203,513 restricted shares of Alebund Cayman to two directors of the Company at a purchase price of USD0.0001 per share. Such restricted shares shall vest as to 25% of the total number of restricted shares on the first anniversary of the vesting commencement date, and the remaining restricted shares shall vest upon each successive monthly anniversary for the next 36 months following first anniversary of the vesting commencement date.

On 30 June 2023, Alebund Cayman granted 315,000 restricted shares of Alebund Cayman to two directors of the Company at a purchase price of USD0.0001 per share. Such restricted shares shall vest as to 25% of the total number of restricted shares on the first anniversary of the vesting commencement date, and the remaining restricted shares shall vest upon each successive monthly anniversary for the next 36 months following first anniversary of the vesting commencement date.

All these restricted shares were vested before or immediately upon completion of the unwinding of the red-chip holding structure in April 2024 and the underlying shares granted under the Cayman plan transferred to the ordinary shares of the Company.

The fair values of the restricted shares as at the grant date were determined with reference to the fair value of ordinary shares on the grant date, using a back-solve method. Major inputs used for the determination of the fair value of ordinary shares are listed as follows:

	15 April 2021	5 July 2021	30 June 2023
Expected volatility	55.24%	52.84%	60.88%
Dividend yield	0%	0%	0%
Risk-free interest rate	1.13%	0.95%	4.23%
Fair value per share	117.44	125.59	154.22

2025 Share Option Plan

In August 2025, the shareholders of the Company approved and adopted a share option plan ("**2025 Share Option Plan**") to attract and retain talents of the Company. On 29 August 2025, the Company granted 3,943,401 (before joint conversion) share options to certain directors and employees through share platforms, of which 3,165,916 share options with exercise price ranges from USD0.18 to USD2.84 per share shall vest immediately upon grant and 777,485 share options with exercise price of USD3.00 per share shall vest 12 months after the date of successful [**REDACTED**] of the Company.

No share options were exercised during the Relevant Periods.

The fair values of the share options as at the grant date were determined by a binomial model, taking into account the terms and conditions upon which the options were granted. Major inputs used for the determination of the fair value of share options are listed as follows:

	29 August 2025
Expected volatility	58.83%
Dividend yield	0%
Risk-free interest rate	1.82%
Fair value per share option	73.96-92.84

During the years ended 31 December 2024 and 2025, share-based payment compensation expenses of RMB21,900,000 and RMB260,761,000 were charged to profit or loss, respectively.

27. RESERVES

The Group

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

(a) Capital reserve

The capital reserve of the Group represents the difference between the paid-in capital/share capital and the consideration received and the difference between the aggregate of the then net assets of the non-controlling interests acquired and the consideration paid by the Group.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 26 to the Historical Financial Information.

(c) Other reserves

Other reserves of the Group represent the impact of redemption features of the ordinary shares as stipulated in note 24 to the Historical Financial Information, the effect of acquisition of subsidiaries under common control, the effect of share of other reserve of an associate and the effect of deemed contribution from a related party.

The Company

	Capital reserve	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	–	–	9,228	(26,344)	(17,116)
Total comprehensive loss for the year	–	–	–	(264,488)	(264,488)
Deemed contribution from a related party	–	–	1,000	–	1,000
Capital reduction	–	–	(16,326)	–	(16,326)
Capital injection	1,280,794	–	–	–	1,280,794
Recognition of redemption liabilities on ordinary shares	–	–	(1,681,712)	–	(1,681,712)
Acquisition of subsidiaries under common control	–	–	(627,117)	–	(627,117)
As at 31 December 2024 and 1 January 2025	1,280,794	–	(2,314,927)	(290,832)	(1,324,965)
Total comprehensive loss for the year	–	–	–	(424,087)	(424,087)
Capital injection	472,515	–	–	–	472,515
Recognition of redemption liabilities on ordinary shares	–	–	(172,500)	–	(172,500)
Termination of redemption liabilities on ordinary shares	–	–	1,975,911	–	1,975,911
Conversion into a joint stock company	(616,550)	–	–	550,337	(66,213)
Share-based payment compensation	–	260,761	–	–	260,761
As at 31 December 2025	1,136,759	260,761	(511,516)	(164,582)	721,422

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of nil and RMB3,057,000, and non-cash additions to lease liabilities of nil, RMB3,057,000, respectively, in respect of lease arrangements for plant and properties.

During the year ended 31 December 2025, the Group recognised contract liabilities of RMB67,074,000 in exchange for the subscription for 13,253,968 class B common shares in R1 Therapeutics.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Amounts due to a related party	Other payables to investors	Redemption liabilities on ordinary shares	Accrued [REDACTED]
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	173,455	11,147	877,275	80,134	–	[REDACTED]
Changes from financing cash flows	285,477	(5,694)	(496,272)	33,064	–	[REDACTED]
Deemed contribution from a related party	–	–	(381,003)	–	–	[REDACTED]
Interest payable incurred on behalf of Alebund Biotech Inc.	–	–	–	–	279,870	[REDACTED]
Issue of ordinary shares	–	–	–	–	1,405,040	[REDACTED]
Transfer to share capital and capital reserve	–	–	–	(73,198)	–	[REDACTED]
Interest expense	13,569	387	–	–	27,720	[REDACTED]
Exchange rate fluctuation	–	6	–	–	–	[REDACTED]

	Interest-bearing bank borrowings	Lease liabilities	Amounts due to a related party	Other payables to investors	Redemption liabilities on ordinary shares	Accrued [REDACTED]
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2024	472,501	5,846	–	40,000	1,712,630	[REDACTED]
Changes from financing cash flows	53,032	(5,052)	–	(40,000)	–	[REDACTED]
New leases	–	3,057	–	–	–	[REDACTED]
Interest expense	19,523	243	–	–	90,781	[REDACTED]
[REDACTED]	–	–	–	–	–	[REDACTED]
Deferred issue costs	–	–	–	–	–	[REDACTED]
Changes from operating cash flows	–	–	–	–	–	[REDACTED]
Recognition of redemption liabilities on ordinary shares	–	–	–	–	172,500	[REDACTED]
Termination of redemption liabilities	–	–	–	–	(1,975,911)	[REDACTED]
At 31 December 2025	545,056	4,094	–	–	–	[REDACTED]

(c) Total cash outflow for leases

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within operating activities	641	267
Within financing activities	5,694	5,052
Total	6,335	5,319

29. COMMITMENTS

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Buildings	86,412	1,869
Plant and machinery	42,533	2,489
Total	128,945	4,358

30. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loans to related parties:		
AleyuanGX Limited *(a)*	7,196	–
Yangzhou Liyue Consulting Management Partnership (Limited Partnership) *(a)*	–	5
Total	7,196	5

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest income from loans to related parties:		
Dr. Gavin Guoyao Xia	115	61
Jin Tian, M.D.	91	61
Total	206	122

Note a: AleyuanGX Limited and Yangzhou Liyue Consulting Management Partnership (Limited Partnership) are controlled by Dr. Gavin Guoyao Xia.

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Settlements of loans to related parties:		
AleyuanGX Limited	–	7,196
Dr. Gavin Guoyao Xia	2,560	3,129
Jin Tian, M.D.	1,000	2,851
Total	3,560	13,176

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Debt waived by a related party:		
Alebund Biotech Inc.	352,980	–
Acquisition of subsidiaries under common control:		
Alebund Biotech Inc.	373,620	–
Loans from a related party:		
Alebund Biotech Inc.	32,554	–
Repayments of loans to a related party:		
Alebund Biotech Inc.	528,826	–

Due to the acquisition of subsidiaries under common control, the difference between the debt waived by Alebund Biotech Inc. and the consideration paid to Alebund Biotech Inc. was debited to other reserve.

(b) Outstanding balances with related parties:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-trade:		
Amounts due from related parties:		
Dr. Gavin Guoyao Xia	3,068	–
Jin Tian, M.D.	2,790	–
AleyuanGX Limited	7,196	–
Yangzhou Liyue Consulting Management Partnership (Limited Partnership)	–	5
Total	13,054	5
Trade:		
Contract liabilities:		
R1 Therapeutics, Inc.	–	67,074

The balances with related parties are unsecured and non-interest-bearing, except for the balances with Dr. Gavin Guoyao Xia and Jin Tian, M.D. with interest rate of 3.55% and 3.85% per annum during the Relevant Periods. Amounts due from related parties are non-trade in nature.

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	17,803	22,251
Pension scheme contributions	282	325
Equity-settled share-based payments	21,900	234,933
Total	39,985	257,509

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

31. 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:

Financial assets at fair value

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at fair value through profit or loss	–	145,460

Financial assets at amortised cost

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Amounts due from related parties	13,054	5
Trade receivables	865	–
Financial assets included in prepayments, other receivables and other assets	2,388	2,805
Cash and cash equivalents	343,770	358,325
Time deposits with original maturity over three months	22,291	27,375
Total	382,368	388,510

Financial liabilities at amortised cost

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities included in trade and other payables	199,823	149,549
Redemption liabilities on ordinary shares	1,712,630	–
Interest-bearing bank borrowings	473,300	545,326
Total	2,385,753	694,875

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity over three months, trade receivables, amounts due from related parties, financial assets included in prepayments, other receivables and other assets, redemption liabilities on ordinary shares and financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the head of finance.

The fair values of the financial assets 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 following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at FVTPL, which represent wealth management products issued by banks. The fair values are based on cash flows discounted using the expected yield rate.

The fair values of the 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the Relevant Periods 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 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	145,460	–	145,460

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.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, cash and short term deposits and financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its 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 reviews and agrees policies for managing each of these risks and they are summarised below.

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	(Decrease)/Increase in profit before tax	(Decrease)/Increase in equity
		RMB'000	*RMB'000*
Year ended 31 December 2024			
RMB	50	655	655
RMB	(50)	(655)	(655)
Year ended 31 December 2025			
RMB	50	715	715
RMB	(50)	(715)	(715)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant periods to a reasonably possible change in the USD exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
Year ended 31 December 2024			
If RMB weakens against USD	(5)	947	(947)
If RMB strengthens against USD	5	(947)	947
Year ended 31 December 2025			
If RMB weakens against USD	(5)	9,853	(9,853)
If RMB strengthens against USD	5	(9,853)	9,853

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.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, time deposits with maturity over three months and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

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

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

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
Lease liabilities	3,869	2,194	–	6,063
Financial liabilities included in other payables and accruals	181,228	18,595	–	199,823
Redemption liabilities on ordinary shares	1,712,630	–	–	1,712,630
Interest-bearing bank borrowings	45,657	455,736	46,094	547,487
Total	1,943,384	476,525	46,094	2,466,003

	Within 1 year or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
31 December 2025			
Lease liabilities	3,768	404	4,172
Financial liabilities included in other payables and accruals	147,613	1,936	149,549
Interest-bearing bank borrowings	19,117	629,366	648,483
Total	170,498	631,706	802,204

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, except for a covenant of the bank borrowings that requires the Company to maintain a gearing ratio less than 90%. As at 31 December 2025, the Company's gearing ratio was 43%, in compliance with this covenant. No changes were made in the objectives, policies or processes for managing capital during the years ended the Relevant Periods. The gearing ratio is calculated by dividing total liabilities by total assets.

34. EVENTS AFTER THE RELEVANT PERIODS

[There were no significant events occurred after the Relevant Periods.]

35. SUBSEQUENT FINANCIAL STATEMENTS

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