The following is the text of a report set out on pages [I-1] to [I-48] received from the Company's reporting accountants, Deloitte Touche Tohmatsu, 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 AXBIO INTERNATIONAL LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND SPDB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Axbio International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-4] to [I-48], which comprises the consolidated statements of financial position of the Group as at 31 December 2024 and 2025, the statements of financial position of the Company as at 31 December 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended 31 December 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-4] to [I-48] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 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 of the Company, 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 Group's financial position as at 31 December 2024 and 2025, of the Company's financial position as at 31 December 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 3 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 adjustment to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with HKFRS Accounting Standards issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollars ("US$") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
	NOTES	**2024**	**2025**
		US$'000	*US$'000*
Revenue	*5*	479	1,210
Cost of sales		(175)	(374)
Gross profit		304	836
Other income	*6a*	2,063	1,007
Other gains and losses	*6b*	(7,805)	(6,841)
Research and development expenses		(11,412)	(8,925)
Administrative expenses		(6,526)	(5,687)
Impairment losses recognised under expected credit loss model, net	*30*	–	(106)
[REDACTED]		**[REDACTED]**	**[REDACTED]**
Finance costs	*7*	(90)	(115)
Loss before tax		(23,466)	(22,272)
Income tax expense	*8*	–	–
Loss for the year	*9*	(23,466)	(22,272)
Other comprehensive (expense) income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		(187)	92
Total comprehensive expense for the year		(23,653)	(22,180)
Loss per share	*13*		
– Basic (US$)		(0.19)	(0.18)
– Diluted (US$)		(0.19)	(0.18)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December	
	NOTES	**2024**	**2025**
		US$'000	*US$'000*
Non-current assets			
Property and equipment	*14*	3,533	2,364
Right-of-use assets	*15(a)*	1,183	737
Intangible asset	*16*	527	502
Other receivables, deposits and prepayments	*17*	237	363
		5,480	3,966
Current assets			
Inventories	*18*	326	1,141
Trade receivables	*19*	347	207
Other receivables, deposits and prepayments	*17*	2,124	2,884
Bank balances and cash	*20*	36,910	24,554
		39,707	28,786
Current liabilities			
Trade and other payables	*21*	2,770	3,442
Bank borrowings	*22*	835	3,728
Lease liabilities	*15(b)*	814	623
Contract liabilities		329	5
Financial liabilities at fair value through profit or loss	*23*	97,830	104,680
Deferred income	*24*	167	171
		102,745	112,649
Net current liabilities		(63,038)	(83,863)
Total assets less current liabilities		(57,558)	(79,897)
Non-current liabilities			
Lease liabilities	*15(b)*	396	83
Deferred income	*24*	320	156
		716	239
Net liabilities		(58,274)	(80,136)
Capital and deficit			
Share capital	*25*	12	13
Reserves		(58,286)	(80,149)
Total deficit		(58,274)	(80,136)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December	
	NOTES	**2024**	**2025**
		US$'000	*US$'000*
Non-current assets			
Investments in subsidiaries	*32*	53,356	59,175
Amounts due from subsidiaries	*33*	35,060	35,082
		88,416	94,257
Current assets			
Other receivables	*17*	252	764
Bank balances and cash	*20*	29,964	23,102
		30,216	23,866
Current liabilities			
Amounts due to subsidiaries	*33*	1,350	1,942
Other payables	*21*	–	505
Financial liabilities at fair value through profit or loss	*23*	97,830	104,680
		99,180	107,127
Net current liabilities		(68,964)	(83,261)
Net assets		19,452	10,996
Capital and reserves			
Share capital	*25*	12	13
Reserves	*26*	19,440	10,983
		19,452	10,996

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Shares issued for Equity Incentive Plan	Other reserves	Translation reserve	Share-based payments reserve	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000 (note ii)*	*US$'000 (note i)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2024	12	6,618	–*	18,726	(777)	3,057	(60,955)	(33,319)
Loss for the year	–	–	–	–	–	–	(23,466)	(23,466)
Exchange differences arising on translation of foreign operations	–	–	–	–	(187)	–	–	(187)
Total comprehensive expense for the year	–	–	–	–	(187)	–	(23,466)	(23,653)
Recognition of equity settled share-based payments *(Note 28)*	–	–	–	–	–	1,198	–	1,198
Repurchase and cancellation of shares	–*	(2,500)	–	–	–	–	–	(2,500)
At 31 December 2024	12	4,118	–*	18,726	(964)	4,255	(84,421)	(58,274)
Loss for the year	–	–	–	–	–	–	(22,272)	(22,272)
Exchange differences arising on translation of foreign operations	–	–	–	–	92	–	–	92
Total comprehensive income (expense) for the year	–	–	–	–	92	–	(22,272)	(22,180)
Recognition of equity settled share-based payments *(Note 28)*	–	–	–	–	–	318	–	318
Issue of shares under Equity Incentive Plan	1	–	(1)	–	–	–	–	–
Surrender of shares *(Note 25(d))*	–*	(10)	–	10	–	–	–	–
At 31 December 2025	13	4,108	(1)	18,736	(872)	4,573	(106,693)	(80,136)

* Represents amount less than US$1,000

Notes:

i. The other reserves mainly represent the capital premium over the amount of registered capital injected by the equity owners of the Company the effect arising from the group reorganisation completed in prior year.

ii. The shares issued to and held by Axbio Talent Limited under the Equity Incentive Plan, as defined and detailed in Note 28, were recognised as treasury shares by the Company and had been deducted from shareholders' equity as shown in the consolidated statements of changes in equity under "Shares issued for Equity Incentive Plan" reserve.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
OPERATING ACTIVITIES		
Loss before tax	(23,466)	(22,272)
Adjustments for:		
Finance costs	90	115
Interest income	(1,548)	(793)
Depreciation of property and equipment	1,403	1,420
Depreciation of right-of-use assets	852	860
Amortisation of intangible assets	11	37
Amortisation of deferred income	(169)	(168)
Impairment losses under expected credit loss model, net of reversal	–	106
Allowance (reversal of allowance) for inventories	28	(10)
Share-based payments expense	1,198	318
Changes in fair value of financial liabilities at fair value through profit or loss	7,610	6,850
Operating cash flows before movements in working capital	(13,991)	(13,537)
Increase in trade and other receivables	(1,006)	(233)
Increase in inventories	(112)	(784)
(Decrease) increase in trade and other payables	(2)	562
Increase (decrease) in contract liabilities	107	(326)
Cash used in operations	(15,004)	(14,318)
Income tax paid	–	–
NET CASH USED IN OPERATING ACTIVITIES	(15,004)	(14,318)
INVESTING ACTIVITIES		
Interest received	1,548	793
Purchase of and deposits paid for property and equipment	(583)	(447)
Purchase of intangible asset	(543)	–
NET CASH FROM INVESTING ACTIVITIES	422	346

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
FINANCING ACTIVITIES		
Interest paid	(90)	(115)
Payment of issue costs	–	(267)
Repayments of lease liabilities	(860)	(915)
New bank loans raised	843	3,668
Repayment of bank borrowing	–	(840)
Repurchase of preferred shares	(2,500)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(2,607)	1,531
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,189)	(12,441)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,260	36,910
Effects of exchange rate changes	(161)	85
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	36,910	24,554

NOTES TO THE HISTORICAL FINANCIAL INFORMATION FOR EACH OF THE TWO YEARS ENDED 31 DECEMBER 2024 AND 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 September 2021. Its shareholders are Dr. Hui Tian, Dr. Igor Ivanov (the "Founders") and groups of institutional investors and individuals.

The principal activities of the Company and its subsidiaries (collectively the "Group") are developing high-performance molecular In-Vitro diagnostic technology and development and sales of medical equipment and provision of technical support services in the People's Republic of China (the "PRC") and the United States of America (the "USA").

The functional currency of the Company and the operating subsidiary incorporated in the USA is United States Dollars ("US$"). The functional currency of the PRC operating subsidiaries is Renminbi ("RMB"). The presentation currency of the Historical Financial Information is US$ as it best suits the needs of the shareholders and investors.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with the HKFRS Accounting Standards issued by the HKICPA, which are effective for the accounting period beginning on 1 January 2025 consistently throughout the Track Record Period.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-Dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the Group's financial position and performance in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial position and performance of the Group.

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

As of 31 December 2025, the Group had net current liabilities of US$83,863,000, net liabilities of US$80,136,000 and accumulated losses of US$106,693,000. According to the Memorandum and Articles of Association of the Company, the preferred shares are redeemable at the option of the holders at any time if the Company fails to complete an [**REDACTED**] before 31 December 2026 or the occurrence of certain other events. The relevant terms of the preferred shares have been further amended subsequently in February 2026 and details are disclosed in Note 23. The directors of the Company are of the opinion that the preferred shares will not have cash flow impact to the Group in the next twelve months from the date of this report as they consider the redemption events are unlikely to occur in the next twelve months from the date of this report.

Taking into account of the facts or views that the Group generated cash flow out of US$12,441,000 for the year ended 31 December 2025, the Group has bank balances and cash of US$24,554,000 and available unutilised bank facilities of US$2,532,000 as at 31 December 2025 and the financial liabilities at FVTPL included in current liabilities with carrying amount of US$104,680,000 was expected not to have cash flow impact to the Group in the next twelve months from the date of this report, the Group has performed a cash flow projection for the next twelve months. Accordingly, the directors of the Company believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of the report. Accordingly, the directors of the Company consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 Leases at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment, or a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modifications").

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. US$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payment reserve will be transferred to share premium.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses ("ECL") model on financial assets (including trade and other receivables, deposits, amounts due from subsidiaries and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 3 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for trade receivables that are not credit-impaired are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 Business Combinations applies, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including bank borrowings, trade and other payables and amounts due to subsidiaries are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries is stated in the statements of financial position of the Company at cost less any identified impairment loss.

4. KEY SOURCE OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

As at 31 December 2024 and 2025, certain of the Group's financial liabilities, Series A-1 and Series B preference shares, amounting to US$97,830,000 and US$104,680,000 respectively, are measured at fair value which being determined based on significant unobservable inputs using valuation techniques and involving judgements and estimation in establishing the relevant valuation techniques and the relevant inputs thereof. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments. See Note 23 for further disclosures.

5. REVENUE AND SEGMENT INFORMATION

Revenue

(i) Disaggregation of revenue from contracts with customers

The following is an analysis of the Group's revenue from its major products:

At a point in time

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
Sales of goods	479	1,210

(ii) Performance obligations for contracts with customers

For sales of goods to customers, revenue is recognised at a point in time when control of the goods has passed to customers, i.e. when the products have been delivered and titles have passed to customers upon received by customers. All contracts with customers are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment Information

For the purpose of resource allocation and assessment of performance, the executive directors of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating and reportable segment and no further analysis of the single segment is presented.

Geographical Information

The Group's operations and non-current assets are mainly located at the US and the mainland of the PRC. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets excluding financial instruments	
	At 31 December	
	2024	2025
	US$'000	*US$'000*
The US	1,044	589
The PRC	4,213	3,272
	5,257	3,861

Note: Non-current assets excluded non-current portion of rental deposits.

6a. OTHER INCOME

	For the year ended 31 December	
	2024	2025
	US$'000	*US$'000*
Bank interest income	1,548	793
Government grants *(Note)*	513	205
Others	2	9
	2,063	1,007

Note: During the years ended 31 December 2024 and 2025, the government grants include subsidies received to encourage research and development amounting to US$344,000, and US$37,000, respectively which was recognised in the consolidated statement of profit or loss upon receipt of these rewards and the related conditions associated with the rewards are met, if any. There are no unfulfilled conditions or contingencies relating to these grants.

The remaining portion of government grants related to subsidies received for i) the cost of leasehold improvements; and ii) specific research and development project, which were recognised in the statement of profit or loss over the useful lives of relevant assets as detailed in Note 24.

6b. OTHER GAINS AND LOSSES

	For the year ended 31 December	
	2024	2025
	US$'000	*US$'000*
Changes in fair value of financial liabilities at FVTPL	(7,610)	(6,850)
Net foreign exchange gain (loss)	2	(2)
Others	(197)	11
	(7,805)	(6,841)

7. FINANCE COSTS

	For the year ended 31 December	
	2024	2025
	US$'000	*US$'000*
Interests on:		
Bank borrowings	1	58
Lease liabilities	89	57
	90	115

8. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands and is exempted from income tax for the Track Record Period.

For the years ended 31 December 2024 and 2025, Axbio Inc. is a taxable corporation for U.S. income tax purpose, which is subject to U.S. federal income tax and applicable state income tax. The U.S. federal statutory tax rate is 21% and state income tax rate varies by state and locality but is up to 8.84%.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of EIT Law, the enterprise income tax ("EIT") rate of the PRC subsidiaries is 25% during the Track Record Period except that Anxuyuan Biotechnology (Shenzhen) Co., Limited ("Anxuyuan Shenzhen") which is operated in the PRC is qualified as "High and New Technology Enterprises" and entitled to a preferential EIT rate of 15% since 2022 with a valid period of three years until 14 December 2025. On 25 December 2025, the valid period has been further extended until 25 December 2028.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2022 onwards, enterprises engaged in research and development activities are entitled to claim 100% of the research and development expenses incurred in a year as extra tax deductible expenses in determining the taxable income for that year ("Super Deduction"). Anxuyuan Shenzhen has claimed such Super Deduction in determining its tax assessable profits for the years ended 31 December 2024 and 2025.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Track Record Period.

No provision for taxation has been made since all subsidiaries of the Company have no assessable profits during the Track Record Period.

The income tax expense for the Track Record Period can be reconciled to the loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
Loss before tax	(23,466)	(22,272)
Income tax expense calculated at 25%	(5,867)	(5,568)
Tax effect of expenses not deductible for tax purpose	2,104	2,155
Tax effect of income not taxable for tax purpose	(42)	(42)
Tax effect of Super Deduction	(969)	(1,038)
Tax effect of tax losses not recognised	3,691	3,511
Effect of different tax rates under other jurisdiction	297	269
Tax effect of preferential tax rate	764	720
Others	22	(7)
Income tax expense recognised in profit or loss	–	–

At 31 December 2024 and 2025, the Group has unrecognised tax losses of approximately US$83,459,000 and US$101,572,000, respectively, subject to final confirmation of relevant tax authorities. No deferred tax asset has been recognised in respect of the tax losses or temporary differences due to the unpredictability of future profit streams. Included in unrecognised tax losses as at 31 December 2024 and 2025 are the amounts of US$37,442,000 and US$48,837,000, respectively which were incurred by the PRC operating subsidiary and will expire from 2025 to 2034 and from 2026 to 2035, respectively. The remaining unused tax losses, which are related to Axbio Inc. and Axbio Hong Kong Limited will carry forward indefinitely.

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
Depreciation of property and equipment	1,403	1,420
Depreciation of right-of-use assets	852	860
Amortisation of intangible assets	11	37
Total depreciation and amortisation	2,266	2,317
Auditor's remuneration	1	5
Cost of inventories recognised as expense	175	374
Write-down (reversals of write-down) of inventories (included in cost of inventories recognised as expense)	28	(10)
Directors' and chief executive's emoluments *(Note 10)*	584	495
Other staff costs:		
Salaries, allowances and other benefits in kind	8,586	6,404
Retirement benefit scheme contributions	347	172
Share-based payments expense	1,198	318
Total staff costs	10,715	7,389
[REDACTED]	**[REDACTED]**	**[REDACTED]**

10. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Directors' and chief executive officer's remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
For the year ended 31 December 2024				
Executive directors:				
Dr. Hui Tian *(Chairman and Chief executive officer)*	–	301	–	301
Dr. Igor Ivanov	–	283	–	283
Non-executive Directors:				
Mr. Bing Chen	–	–	–	–
Mr. Xutian Jing	–	–	–	–
Mr. Lizi Bie	–	–	–	–
	–	584	–	584
For the year ended 31 December 2025				
Executive directors:				
Dr. Hui Tian *(Chairman and Chief executive officer)*	–	255	–	255
Dr. Igor Ivanov	–	240	–	240
Non-executive Directors:				
Mr. Bing Chen	–	–	–	–
Mr. Xutian Jing	–	–	–	–
Mr. Lizi Bie	–	–	–	–
	–	495	–	495

Notes:

(i) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. None of the directors of the Company waived any emoluments during the Track Record Period.

(ii) During the Track Record Period, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals of the Group included 2 and 2 directors of the Group for the years ended 31 December 2024 and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining, 3 and 3 highest paid employees for the years ended 31 December 2024 and 2025, respectively, are as follows:

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
Salaries, allowances and benefits in kind	641	572
Share-based payments expense	72	60
	713	632

The emoluments of these employees (excluding directors) are within the following bands:

	For the year ended 31 December	
	2024	**2025**
	No. of employees	*No. of employees*
HK$1,500,001 to HK$2,000,000	2	3
HK$2,000,001 to HK$2,500,000	1	–
	3	3

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDEND

No dividend was declared or paid by the Group in respect of the Track Record Period nor has any dividend been proposed since the end of the Track Record Period.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	For the year ended 31 December	
	2024	**2025**
	US$'000	*US$'000*
Loss for the purpose of basic and diluted loss per share	(23,466)	(22,272)

Number of shares

	For the year ended 31 December	
	2024	**2025**
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	121,211,951	121,057,134

For the purpose of calculation of basic loss per share, the number of shares held by the Group for the Equity Incentive Plan (as defined in note 28) has been excluded from the calculation of the weighted average number of ordinary shares.

As Series Seed Preferred Shares and Series A Preferred Shares are classified as equity instrument and have the same rights to receive dividends as ordinary shares (Note 25), Series Seed Preferred Shares and Series A Preferred Shares are treated as ordinary shares for the purpose of calculating basic and diluted loss per share.

For the years ended 31 December 2024 and 2025, the convertible preference shares and ordinary shares held for Equity Incentive Plan in respect of outstanding share options were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for years ended 31 December 2024 and 2025 are the same as the basic loss per share for the respective year.

14. PROPERTY AND EQUIPMENT

The Group

	Leasehold Improvements	Research and development equipment	Office fixtures and equipment	Manufacturing equipment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
COST					
At 1 January 2024	2,841	2,284	453	539	6,117
Additions	22	525	73	5	625
Exchange adjustments	(40)	(18)	(6)	(9)	(73)
At 31 December 2024	2,823	2,791	520	535	6,669
Additions	–	204	–	–	204
Exchange adjustments	61	37	10	12	120
At 31 December 2025	2,884	3,032	530	547	6,993
DEPRECIATION					
At 1 January 2024	508	845	229	181	1,763
Provided for the year	575	541	115	172	1,403
Exchange adjustments	(13)	(8)	(3)	(6)	(30)
At 31 December 2024	1,070	1,378	341	347	3,136
Provided for the year	566	609	106	139	1,420
Exchange adjustments	34	21	10	8	73
At 31 December 2025	1,670	2,008	457	494	4,629
CARRYING VALUES					
At 31 December 2024	1,753	1,413	179	188	3,533
At 31 December 2025	1,214	1,024	73	53	2,364

The above items of property and equipment are depreciated on a straight-line basis at the rate per annum as follows:

Leasehold improvements	Over the term of the lease
Research and development equipment	33%
Office fixtures and equipment	33%
Manufacturing equipment	33%

During the Track Record Period and at the end of each reporting period, no indication of the impairment for property and equipment was identified.

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group

(a) Right-of-use assets

	Leased properties
	US$'000
Carrying amounts	
At 31 December 2024	1,183
At 31 December 2025	737
Amortisation charge	
For the year ended 31 December 2024	852
For the year ended 31 December 2025	860

	For the year ended 31 December	
	2024	2025
	US$'000	*US$'000*
Expense relating to short-term leases	61	54
Total cash outflow for leases	1,010	1,026
Additions to right-of-use assets	648	398

During the years ended 31 December 2024 and 2025, the Group leases properties for its office premises. Lease contracts are entered into for fixed term of 19 months to 5 years. There were no extension or termination options in the lease contract. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for staff quarter. For each of the reporting period, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in above.

In addition, as at 31 December 2024 and 2025, lease liabilities of US$1,210,000 and US$706,000 are recognised with related right-of-use assets of US$1,183,000 and US$737,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the Track Record Period and at the end of each reporting period, no indication of the impairment for right-of-use assets was identified.

(b) Lease liabilities

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Lease liabilities payable:		
Within one year	814	623
Within a period of more than one year but not more than two years	314	83
Within a period of more than two years but not exceeding five years	82	–
	1,210	706
Less: Amount due for settlement with 12 months shown under current liabilities	(814)	(623)
Amount due for settlement after 12 months shown under non-current liabilities	396	83

The weighted average incremental borrowing rate applied to lease liabilities are ranged from 4.59% to 9.17% and from 4.59% to 9.17% as at 31 December 2024 and 2025, respectively.

16. INTANGIBLE ASSET

The Group

	Patents
	US$'000
COST	
At 1 January 2024	–
Additions	543
Exchange alignment	(5)
At 31 December 2024	538
Exchange alignment	12
At 31 December 2025	550
AMORTISATION	
At 1 January 2024	–
Provided for the year	(11)
At 31 December 2024	(11)
Provided for the year	(37)
At 31 December 2025	(48)
CARRYING VALUES	
At 31 December 2024	527
At 31 December 2025	502

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over 15 to 15.2 years.

During the Track Record Period and at the end of each reporting period, no indication of the impairment for intangible asset was identified.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Tax recoverable	1,234	1,479
Prepayments for research and development service	458	482
Rental deposits	277	260
Other prepayments	110	337
Deferred issue costs	–	328
Others	282	361
	2,361	3,247
Represented by:		
Non-current	237	363
Current	2,124	2,884
	2,361	3,247

The Company

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Tax recoverable	144	203
Deferred issue costs	–	328
Others	108	233
	252	764

Details of impairment assessment of other receivables, deposits and prepayments are set out in note 30.

18. INVENTORIES

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Raw materials and consumables	149	199
Finished goods	205	960
	354	1,159
Less: allowance for inventories	(28)	(18)
	326	1,141

During the year ended 31 December 2025, there was a significant increase in the net realisable value of finished goods due to market shortage. As a result, a reversal of allowance of US$10,000 has been recognised and included in cost of sales.

19. TRADE RECEIVABLES

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Trade receivables	347	207

As at 1 January 2024, trade receivables from contracts with customers amounted to nil.

The Group usually provides customers with a credit term from 30 to 90 days. The ageing of the trade receivables as at 31 December 2024 and 2025, based on the date of revenue recognition, is less than 90 days.

Details of impairment assessment of trade receivables are set out in note 30.

20. BANK BALANCES AND CASH

The Group and the Company

Bank balances and cash include demand deposits and short-term deposits with original maturity of three months or less for the purpose of meeting the Group's and the Company's short term cash commitments, which carry interest at market rates range from 0% to 4.62% and from 0% to 3.71% per annum at 31 December 2024 and 2025.

21. TRADE AND OTHER PAYABLES

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Trade payables	14	494
Payroll payables	2,175	1,837
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued issue costs	–	61
Other payables	581	691
	2,770	3,442

The credit period on trade payables is 14 days. The ageing of the trade payables as at 31 December 2024 and 2025, based on the suppliers' invoice dates, is less than 90 days.

The Company

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Other payables	–	85
Accrued issue costs	–	61
	–	505

22. BANK BORROWINGS

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Unsecured and unguaranteed	835	3,728

Note: As at 31 December 2024 and 2025, the bank borrowings carried at fixed weighted average interest rate of 3.05% and 3.10% per annum, respectively, and the interests are calculated and settled on a monthly basis.

The carrying amounts of the above bank borrowings are analysed based on contractual repayment date as follows:

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Within one year	835	3,728
Less: Amounts due within one year classified under current liabilities	(835)	(3,728)
Amounts shown under non-current liabilities	–	–

23. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

	Date of issue	**Total number of preferred shares issue**	**Subscription price per preferred share**	**Total**
			US$	*US$'000*
Series A-1 Preferred Shares				
– Tranche 1	29 October 2021	9,053,597	1.6568	15,000
– Tranche 2	27 April 2022	3,017,866	1.6568	5,000
– Tranche 3 *(Note)*	7 June 2022	484,016	–	–
		12,555,479		20,000
Series B Preferred Shares				
– Tranche 1	7 June 2022	21,461,376	1.8638	40,000
– Tranche 2	18 August 2022	5,365,344	1.8638	10,000
– Tranche 3	17 March 2023	10,730,688	1.8638	20,000
		37,557,408		70,000

Note: On 7 June 2022, 484,016 nil-paid Series A-1 Preferred Shares were allotted and issued to the Series A-1 Investors in connection with the Equity Incentive Plan (as defined in Note 28).

In accordance with the investment agreements of Series A-1 Preferred Shares and Series B Preferred Shares, the investors were granted with certain preferred rights (the "Preferred Rights") upon capital contribution. The Preferred Rights mainly included the followings:

(a) *Dividend rights*

When as and if declared by the board of directors of the Company, Series B Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other preferred shares and ordinary shares at an annual rate of 6.8% of the applicable issue price of Series B Preferred Shares. After payment in full on Series B Preferred Shares, Series A-1 Preferred Shares are entitled to a non-cumulative dividend in preference to any dividend on other preferred shares and ordinary shares at the rate per annum of US$0.1127 per share. A dividend is payable only when funds are legally available and only when, as and if declared by the board of directors of the Company. During the Track Record Period, the board of directors of the Company has not declared any dividends.

(b) *Conversion feature*

Series A-1 and B Preferred Shares are convertible, at the option of the holder thereof, at any time after the date of issuance of respective series of preferred shares, into that number of ordinary shares determined by dividing the original issue price for the relevant series by the conversion price for such series. The initial conversion price is the original purchase price of Series A-1 Preferred Shares and Series B Preferred Shares, which are US$1.6568 and US$1.8638 respectively, and may be adjusted if the consideration per share for the additional ordinary shares issued by the Company is less than the Series A-1 Preferred Share conversion price or the Series B Preferred Share conversion price, as appropriate. As at 31 December 2024 and 2025, the applicable conversion ratio for Series A-1 Preferred Shares was 1:1 and 1:1 respectively and that for Series B Preferred Shares was 1:1 and 1:1 respectively.

Series A-1 and B Preferred Shares shall automatically be converted into ordinary shares at the then effective conversion rate for such share immediately prior to the closing of a qualified public offering, which means initial public offering on the New York Stock Exchange, the NASDAQ Stock Market's Global Market System, the Main Board of the Hong Kong Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or any other exchange of recognised international reputation and standing duly approved by the holders of more than fifty percent (50%) of the voting power of the issued and outstanding Series A Preferred Shares (as defined in Note 25) and Series A-1 Preferred Shares ("Junior Preferred Majority") and the holders of more than two-thirds (2/3) of the voting power of the issued and outstanding Series B Preferred Shares, with the market capitalisation of the Company immediately following the completion of such initial public offering of no less than US$1,500,000,000 (prior to customary underwriters' commissions and expenses), on a fully-diluted basis, or such other valuation approved by the Junior Preferred Majority and holders of more than eighty percent (80%) of the voting power of the issued and outstanding Series B Preferred Shares ("Qualified Public Offering").

(c) *Redemption*

Series A-1 and Series B Preferred Shares investors may require the Company to redeem their investments if the Company fails to consummate a Qualified Public Offering by 31 December 2026, at the redemption price the original purchase price, adjusted for any share splits, share dividends, recapitalization and events with similar effect, plus a simple interest rate of 10% per annum accruing from the original issue date until the date of redemption plus all declared but unpaid dividends.

Pursuant to the amendment to the investors' rights agreement dated 30 April 2025 ("2025 Amendment"), the redemption rights in respect of the Series A-1 and Series B Preferred Shares, ceased to be exercisable immediately before the first filing of the [**REDACTED**] by the Company with the Stock Exchange, and shall resume to be exercisable in accordance with below terms upon the earliest of (a) the rejection of the Company's [**REDACTED**] by the Stock Exchange; (b) the Company serving a written notice of withdrawal of its [**REDACTED**] to the Stock Exchange; or (c) 18 months (which may be extended as may be mutually agreed upon by the Company and holders of the Series B Preferred Share) from the first submission of the Company's first [**REDACTED**] form to the Stock Exchange.

Pursuant to the amendment to the investors' rights agreement dated 28 February 2026 ("2026 Amendment"), the date on which the redemption rights shall resume to be exercisable under clause (c) of 2025 Amendment is amended to be 30 June 2027. All other terms and conditions in 2025 Amendment remain unchanged.

Considering the contingency relating to the reinstatement and restoration of the redemption rights is outside the control of the Company, the relevant financial liabilities are assessed to continue to be accounted for as financial liabilities measured at FVTPL after the signing of the amendments to the investors' rights agreements.

(d) Liquidation preferences

In the event of any liquidation event (including customarily-deemed-liquidation events such as acquisition), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders shall be distributed to the shareholders of the Company as follows:

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, outstanding Series A-1 Preferred Shares and Series B Preferred Shares are entitled to be paid in full out of the Company's assets available for distribution before payment on ordinary shares in the following order: (i) on Series B Preferred Shares, the sum of (a) US$1.8638 for each Series B Preferred Shares, (b) an interest at the rate of 5% per annum (accruing daily and compounding annually from the Series B Preferred Shares issuance date) and (c) any dividends accrued or declared but unpaid; (ii) on Series A-1 Preferred Shares, the sum of (a) US$1.6568 for each Series A-1 Preferred Share, (b) an interest at the rate of 5% per annum (accruing daily and compounding annually from the Series A-1 Preferred Shares issuance date) and (c) any dividends accrued or declared but unpaid. Any remaining net assets of the Company are distributed to all shareholders on a pro-rata basis.

(e) Voting rights

The voting, dividend and liquidation rights of ordinary shares are subject to the rights, powers and preferences of preferred shares. Ordinary shares are entitled to one vote per share at all meetings of shareholders. There is no cumulative voting right. On any matter presented to shareholders of the Company for their action or consideration at any meeting of shareholders, each holder of preferred shares is entitled to the number of votes equal to the number of whole shares of ordinary shares into which preferred shares are convertible. Holders of preferred shares shall vote together with the holders of ordinary shares as a single class.

Presentation and Classification

The directors of the Company considered that the Series A-1 and Series B Preferred Shares issued by the Company are accounted for as financial liabilities measured at FVTPL.

The directors of the Company also considered that the changes in the fair value of the Series A-1 and Series B Preferred Shares attributable to the change in credit risk of these financial liabilities are minimal. Changes in fair value of the Series A-1 and Series B Preferred Shares not attributable to the change in credit risk of the financial liabilities are charged to profit or loss and presented as "changes in fair value of financial liabilities at FVTPL".

The Series A-1 and Series B Preferred Shares were valued by the directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), which has appropriate qualifications and experiences in valuation of similar instruments. The address of the JLL is Room 801, Jinghui Building, No.118 Jianguo Road Yi, Chaoyang District, Beijing 100022, China.

As at 31 December 2024 and 2025, the directors of the Company used the discounted cash flows method to determine the underlying share value of the Company and applied the hybrid method to perform an equity allocation to arrive the fair value of the Series A-1 and Series B Preferred Shares.

The key valuation assumptions used in discounted cash flows method to determine the fair value of the Series A-1 and Series B Preferred Shares are as follows:

Discounted cash flows method

	As at 31 December	
	2024	**2025**
Probability for liquidation	20%	15%
Probability for redemption	20%	15%
Probability for initial public offering	60%	70%
Expected volatility value	44.48%	48.76%
Expected dividend yield	0%	0%
Risk-free rate	4.25%	3.48%
Discount rate	20.70%	21.00%

The movements of the financial liabilities at FVTPL are set out as below:

	US$'000
At 1 January 2024	90,220
Change in fair value of financial liabilities at FVTPL	7,610
At 31 December 2024	97,830
Change in fair value of financial liabilities at FVTPL	6,850
At 31 December 2025	104,680

24. DEFERRED INCOME

The Group

During the year ended 31 December 2023, the Group received a government subsidy of approximately US$852,000 towards the cost of leasehold improvements of its office in PRC. The amount received in respect of the leasehold improvements cost of the office was applied after all the renovation costs have been paid. The amount has been treated as deferred income. The amount is transferred to other income in the form of reduced depreciation charges over the lease term of the relevant right-of-use assets. This policy has resulted in a credit to income of US$169,000 and US$168,000 for the years ended 31 December 2024 and 2025, respectively. As at 31 December 2024 and 2025, an amount of US$487,000 and US$327,000 remains to be amortised respectively.

25. SHARE CAPITAL AND TREASURY SHARES

The Company

	Number of Shares	**Nominal value**
		US$'000
Authorised:		
At 1 January 2024, 31 December 2024 and 2025		
Ordinary shares of USD0.0001 each	415,856,766	42
Series Seed Preferred Shares of USD0.0001 each *(note a)*	22,260,460	2
Series A Preferred Shares of USD0.0001 each *(note b)*	11,650,330	1
	449,767,556	45

	Number of Shares	**Share capital**
		US$'000
Issued and fully paid share capital:		
At 1 January 2024	125,943,040	12
Shares repurchased and cancelled *(note c)*	(1,341,336)	–*
At 31 December 2024	124,601,704	12
Shares surrendered and cancelled *(note d)*	(62,500)	–*
Shares issued for Equity Incentive Plan *(note e)*	6,788,610	1
At 31 December 2025	131,327,814	13

	Number of Shares	Treasury shares
		US$'000
Treasury shares:		
At 1 January 2024 and 31 December 2024	3,500,000	–*
Shares issued for Equity Incentive Plan *(note e)*	6,788,610	1
At 31 December 2025	10,288,610	1

* Represents amount less than US$1,000

Notes:

(a) The Company issued 22,260,460 preferred shares ("Series Seed Preferred Shares") to the investors of the Company at an aggregate consideration of approximately US$9,750,000.

(b) On 15 October 2021, the Company issued 11,650,330 preferred shares ("Series A Preferred Shares") to the investors of the Company at an aggregate consideration of approximately US$18,440,000.

(c) On 15 March 2023, pursuant to the share repurchase agreement entered into between the Company and Shantou Huarun Innovation Equity Investment Fund Partnership (Limited Partnership), the Company agrees to repurchase 1,341,336 Series A Preferred Shares of the Company, par value US$0.0001 per share, free and clear of any lien, claim, restriction upon transfer, option, charge, security interest or other encumbrance, at the per share repurchase price of US$1.8638, amounting to a total repurchase price of US$2,500,000. The transfer has been completed at 30 January 2024 and the repurchased Series A Preferred Shares have been cancelled at 1 February 2024.

(d) On 15 April 2025, one of the shareholders (the "Surrendering Member") surrendered to the Company 62,500 ordinary shares (the "Surrender Shares") registered in the name of the Surrendering Member in the register of members of the Company free of any consideration or any liens, encumbrances or other restrictions thereon. The Surrender Shares have been cancelled on 15 April 2025.

(e) On 15 April 2025, the Company issued 6,788,610 ordinary shares to Axbio Talent Limited, the Equity Incentive Plan platform of the Company, for the purpose of the equity incentive grant to Eligible Persons (as defined in note 28).

The Series Seed and Series A Preferred Shares issued by the Company are classified as equity instruments since they are non-redeemable, nor does the Company have any contractual obligation to deliver cash or other financial assets to another party. Furthermore, the Company, as the issuer of these shares does not have any obligations to issue a variable number of its own equity instruments or deliver shares with a fixed value or a value based on changes in an underlying variable at the dates of issue and at the end of each reporting period.

26. RESERVES OF THE COMPANY

	Share premium	Shares issued for Equity Incentive Plan	Other reserve	Share-based payment reserve	Accumulated losses	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2024	6,618	–*	18,726	3,057	(292)	28,109
Loss for the year	–	–	–	–	(7,367)	(7,367)
Repurchase of preferred shares	(2,500)	–	–	–	–	(2,500)
Recognition of equity settled share-based payments *(Note 28)*	–	–	–	1,198	–	1,198
At 31 December 2024	4,118	–*	18,726	4,255	(7,659)	19,440
Loss for the year	–	–	–	–	(8,774)	(8,774)
Issue of shares under Equity Incentive Plan	–	(1)	–	–	–	(1)
Surrender of shares	(10)	–	10	–	–	–
Recognition of equity settled share-based payments *(Note 28)*	–	–	–	318	–	318
At 31 December 2025	4,108	(1)	18,736	4,573	(16,433)	10,983

* Represents amount less than US$1,000

27. RELATED PARTY TRANSACTIONS

Save for disclosed in elsewhere of the Historical Financial Information, the Group has the following transactions with the related parties during the Track Record Period:

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Company. The remuneration of the directors of the Company, chief executive officer and other members of key management of the Group during the Track Record Period was as follows:

	For the year ended 31 December	
	2024	2025
	US$'000	*US$'000*
Salaries, allowances and other benefits in kind	584	495

28. SHARE-BASED PAYMENTS

The Company adopted equity incentive plan on 6 January 2023, which replaced the previous equity incentive plan adopted by Axbio Inc. on 18 December 2017 ("Equity Incentive Plan"). The primary purpose of the Equity Incentive Plan is to promote the success of the Company and the interests of its shareholders by providing means through which the Company may grant equity-based incentives to attract, motivate, retain and reward employees, directors and consultants (the "Eligible Persons") and to further link the Eligible Persons' interests with those of the Company's shareholders generally.

(a) Share option scheme

At 31 December 2024 and 2025, the number of shares in respect of which options had been granted and remained outstanding under the Equity Incentive Plan was 7,816,264 and 5,005,000 respectively.

Set out below are details of the movements of the outstanding options granted under the Equity Incentive Plan during the years ended 31 December 2024 and 2025:

For the year ended 31 December 2024

	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding as at 1.1.2024	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding as at 31.12.2024
Employees	18 December 2017	Note 1	Note 2	US$0.16	2,150,000	–	–	1,000,000	1,150,000
Non-employees	18 December 2017	Note 1	Note 2	US$0.16	300,000	–	–	–	300,000
Employees	14 May 2018	Note 1	Note 2	US$0.16	1,400,000	–	–	–	1,400,000
Employees	1 January 2022	Note 1	Note 2	US$0.46	3,066,375	–	–	573,902	2,492,473
Non-employees	1 January 2022	Note 1	Note 2	US$0.46	340,000	–	–	–	340,000
Non-employees	1 January 2023	Note 1	Note 2	US$0.46	715,000	–	–	–	715,000
Employees	18 April 2024	Note 1	Note 2	US$0.46	–	508,791	–	–	508,791
Non-employees	23 April 2024	Note 1	Note 2	US$0.46	–	910,000	–	–	910,000
					7,971,375	1,418,791	–	1,573,902	7,816,264
Exercisable at the end of the year									5,568,854
Weighted average exercise price					US$0.32	US$0.46	–	US$0.27	US$0.35

For the year ended 31 December 2025

	Date of grant	Vesting period	Exercisable period	Exercise price	Outstanding as at 1.1.2025	Granted during the year	Exercised during the year	Substituted during the year *(Note 4)*	Forfeited during the year	Outstanding as at 31.12.2025
Employees	18 December 2017	Note 1	Note 2	US$0.16	1,150,000	–	–	–	–	1,150,000
Non-employees	18 December 2017	Note 1	Note 2	US$0.16	300,000	–	–	–	–	300,000
Employees	14 May 2018	Note 1	Note 2	US$0.16	1,400,000	–	–	1,100,000	–	300,000
Employees	1 January 2022	Note 1	Note 2	US$0.46	2,492,473	–	–	989,506	32,967	1,470,000
Non-employees	1 January 2022	Note 1	Note 2	US$0.46	340,000	–	–	–	–	340,000
Non-employees	1 January 2023	Note 1	Note 2	US$0.46	715,000	–	–	–	–	715,000
Employees	18 April 2024	Note 1	Note 2	US$0.46	508,791	–	–	153,846	54,945	300,000
Non-employees	23 April 2024	Note 1	Note 2	US$0.46	910,000	–	–	910,000	–	–
Employees	1 January 2025	Note 1	Note 2	US$0.51	–	230,000	–	–	–	230,000
Non-employees	1 January 2025	Note 1	Note 2	US$0.51	–	10,000	–	–	–	10,000
Non-employees	1 January 2025	Note 3	Note 2	US$0.51	–	20,000	–	–	–	20,000
Employees	1 January 2025	Note 1	Note 2	US$0.46	–	170,000	–	–	–	170,000
					7,816,264	430,000	–	3,153,352	87,912	5,005,000
Exercisable at the end of the year										4,302,188
Weighted average exercise price					US$0.35	US$0.49	–	US$0.36	US$0.46	US$0.36

Note 1: The share options were granted to employees and non-employees of the Group. One forth (25%) of the share options shall vest on the first anniversary of the vesting commencement date and one forty-eighth (1/48th) shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to the employees continuing to be a service provider through each such date.

Note 2: The exercise period of the options granted under the Equity Incentive Plan shall commence from the date on which the relevant options become vested and end on the 10th anniversary of the grant date, subject to the terms of the Equity Incentive Plan and the share option award agreement signed by the grantee.

Note 3: This option shall vest and become exercisable immediately following the completion of the [**REDACTED**], provided that the grantee continuing to be a service provider on the date of exercise.

Note 4: During the year ended 31 December 2025, pursuant to the supplementary agreement signed between certain grantees and the Company, the Company substituted certain of its outstanding share options with restricted share units ("RSU"). All the clauses of the agreement remain unchanged, with the exception that, subsequent to the substitution, all the RSU, in addition to time-based vesting condition, shall become exercisable upon the occurrence of the earlier of (a) the [**REDACTED**], (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU.

The estimated fair value of the share options granted during the years ended 31 December 2024 and 2025 is US$1,255,000 and US$385,000, respectively. The fair value was determined using the binomial option-pricing model. These fair values and corresponding inputs into the model were as follows:

	For the year ended 31 December	
	2024	**2025**
Expected volatility value	57.81%	57.19%
Risk-free rate	4.64%	4.58%
Expected dividend yield	0%	0%
Expected term (in years)	10	10
Fair value of the underlying shares on the date of option grants *(US$)*	0.89	0.89 to 0.91

The directors of the Group estimated the risk-free interest rate based on the yield of the United States Treasury Bonds with a maturity life close to the option life of the share option. Expected volatility value was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Expected dividend yield is based on management estimation at the grant date. The expected term used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately US$1,198,000 and US$297,000, for the years ended 31 December 2024 and 2025, respectively, in relation to share options granted by the Group.

(b) Restricted Share Units scheme

At 31 December 2025, the number of shares in respect of which RSU had been granted and remained outstanding under the Equity Incentive Plan was 10,101,797. In addition to time-based vesting condition, all the RSU granted shall become exercisable upon the occurrence of the earlier of (a) the **[REDACTED]**, (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU.

Set out below are details of the movements of the RSU granted under the Equity Incentive Plan during the year ended 31 December 2025:

	Date of grant/substitution	Vesting period	Exercisable period	Exercise price	Outstanding as at 1.1.2025	Granted during the year	Exercised during the year	Substituted during the year	Forfeited during the year	Outstanding as at 31.12.2025
								(Note (a), Note 4)		
Employees	April 2025 – May 2025	Note 1	Note 2	US$0.16	–	–	–	1,100,000	–	1,100,000
Employees	April 2025 – May 2025	Note 1	Note 2	US$0.46	–	–	–	989,506	87,912	901,594
Employees	April 2025 – May 2025	Note 1	Note 2	US$0.46	–	–	–	153,846	–	153,846
Non-employees	April 2025 – May 2025	Note 1	Note 2	US$0.46	–	–	–	910,000	–	910,000
Employees	1 January 2025	Note 1	Note 2	US$0.51	–	588,402	–	–	98,901	489,501
Employees	1 January 2025	Note 3	Note 2	–	–	283,165	–	–	–	283,165
Non-employees	1 January 2025	Note 3	Note 2	–	–	6,201,191	–	–	–	6,201,191
Non-employees	31 March 2025	Note 3	Note 2	–	–	62,500	–	–	–	62,500
					–	7,135,258	–	3,153,352	186,813	10,101,797
Exercisable at the end of the year										–
Weighted average exercise price					–	US$0.04	–	US$0.36	US$0.49	US$0.13

Note 1: The RSU were granted to employees and non-employees of the Group. One forth (25%) of the RSU shall vest on the first anniversary of the vesting commencement date and one forty-eighth (1/48th) shall vest each month thereafter on the same day of the month as the vesting commencement date, subject to the employees continuing to be a service provider through each such date. For those RSU that were the substitutes of the share options, the commencement date shall remain unchanged and brought forward from the share option scheme.

Note 2: The exercise period of the RSU granted under the Equity Incentive Plan shall commence from the date on which the relevant RSU become vested and end on the 10th anniversary of the grant date, subject to the terms of the Equity Incentive Plan and the share option award agreement signed by the grantee. For those RSU that were the substitutes of the share options, the commencement and grant dates shall remain unchanged and brought forward from the share option scheme.

Note 3: This RSU shall vest and become exercisable immediately following the occurrence of the earlier of (a) the **[REDACTED]**, (b) a change in control, or (c) thirty days prior to ten years after the grant date of the RSU, provided that the grantees continuing to be a service provider on the date.

The estimated fair value of the RSU with exercise price substituted during the year ended 31 December 2025 is US$2,021,000, which was included and disclosed in share option scheme in note (a) before the substitution. The estimated fair value of the RSU with exercise price granted during the year ended 31 December 2025 is US$524,000, which was determined using the binomial option-pricing model. These fair values and corresponding inputs into the model were as follows:

	Year ended 31 December 2025
Expected volatility value	57.19%
Risk-free rate	4.58%
Expected dividend yield	0%
Expected term (in years)	10
Fair value of the underlying shares on the date of RSU grants (US$)	0.89

No incremental fair value granted is included in the measurement of the amount recognised for the services received over the remainder of the vesting period for the RSU granted to substitute the share options, as the terms or conditions of RSU granted were modified in a manner that were not beneficial to the employees. Thus, the amount to be recognised for services received from that employee continues to be measured based on the grant date fair value and vesting conditions of the share options.

The estimated fair value of the RSU without exercise price granted during the year ended 31 December 2025 is US$8,118,000. The fair value was determined using the discounted cash flow model. These fair values and corresponding inputs into the model were as follows:

	Year ended 31 December 2025
Expected volatility value	44.48%
Discount rate	20.70%

The Group recognised the total expense of approximately US$21,000 for the year ended 31 December 2025, in relation to RSU granted by the Group.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to investors through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes the bank borrowings and lease liabilities disclosed in Notes 22 and 15b respectively, net of cash and cash equivalents and equity of the Group, comprising issued share capital and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendation of the management of the Group, the Group will balance its overall capital structure through the new share issues as well as the issue of new debt.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Financial assets		
Amortised cost	37,802	25,108
Financial liabilities		
Amortised cost	1,430	5,333
Financial liabilities at FVTPL	97,830	104,680

The Company

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Financial assets		
Amortised cost	65,132	58,226
Financial liabilities		
Amortised cost	1,350	2,447
Financial liabilities at FVTPL	97,830	104,680

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and other receivables, deposits, bank balances and cash, trade and other payables, bank borrowings and financial liabilities at FVTPL. The Company's financial assets and liabilities include bank balances and cash, other receivables, amounts due from subsidiaries, amounts due to subsidiaries, other payables and financial liabilities at FVTPL. Details of these financial assets and liabilities are disclosed in respective notes.

The risks associated with these financial assets and liabilities include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and the Company's activities expose it primarily to currency risk and interest rate risk. There has been no change in the Group's and the Company's exposure to these risks or the manner in which it manages and measures the risks.

(i) Currency risk

Certain bank balances, amounts due from related companies, trade and other payables and amounts due to related companies of respective group entities which exposure the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging of significant foreign currency exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are mainly as follows:

The Group:

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Assets		
US$	21	72
Intra-group debtor's balances		
US$	76	77
RMB	2,210	2,260
Liabilities		
US$	–	–
Intra-group creditors' balances		
US$	106	106
RMB	420	1,013

The Company:

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Assets		
RMB	–	–
Liabilities		
RMB	418	1,013

Sensitivity analysis

The Group's and the Company's foreign currency risk is concentrated on the fluctuation of RMB against US$.

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against US$. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax loss for the year where RMB weakens 5% against US$. For a 5% strengthening of RMB against US$, there would be an opposite impact on the post-tax loss for the year.

The Group:

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Impact on profit or loss	89	60

The Company:

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Impact on profit or loss	(21)	(51)

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to lease liabilities and bank borrowings (Notes 15b and 22). The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

The management considers that the exposure of fair value interest rate risk in relation to lease liabilities and bank borrowings and cash flow interest rate risk arising from variable-rate bank balances is insignificant. No sensitivity analysis is presented accordingly.

(iii) *Other price risk*

The Group and the Company is exposed to other price risk arising from the preference shares which were classified as financial liabilities at FVTPL as at 31 December 2024 and 2025.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

For financial liabilities at FVTPL as at 31 December 2024 and 2025, if the equity value of the Company had been changed based on the 5% higher/lower, the loss for the years ended 31 December 2024 and 2025 would increase/decrease by approximately US$4,892,000 and US$5,234,000.

Credit risk and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables and deposits, amounts due from subsidiaries and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The Group performed impairment assessment for financial assets under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade receivables

Before accepting any new customer, the Group and the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the management considers that the Group's and the Company's credit risk is significantly reduced. In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group perform impairment assessment under ECL model on trade receivables individually and collectively. Except for credit-impaired debtors, which are assessed individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the aging of outstanding balances. The following table shows the movement in lifetime ECL that has been recognised for trade receivables of the Group:

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	US$'000	*US$'000*	*US$'000*
As at 1 January 2024 and 31 December 2024	–	–	–
Impairment loss recognised	–	8	8
Impairment loss reversed	–	(8)	(8)
As at 31 December 2025	–	–	–

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group and the Company assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised for each of the reporting period.

Other receivables and deposits and amounts due from subsidiaries

For other receivables and deposits and amounts due from subsidiaries, the management makes periodic individual assessment on the recoverability of these financial assets based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. As at 31 December 2024 and 2025, the management of the Group believes that there are no significant increase in credit risk of the remaining other receivables and deposits since initial recognition and the Group and the Company provided impairment based on 12m ECL.

The following tables show reconciliation of loss allowances that has been recognised for other receivables and deposits of the Group:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
As at 1 January 2024 and 31 December 2024	–	–	–	–
Impairment loss recognised	–	–	106	106
Write-offs	–	–	(106)	(106)
As at 31 December 2025	–	–	–	–

The Group writes off other receivables and deposits when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the other receivables and deposits are over two years past due, whichever occurs earlier. During the year ended 31 December 2025, loss allowance on credit impaired balance of US$106,000 was written off.

The Group's and the Company's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL — not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	12-month ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

The Group:

	Notes	Internal/ external credit rating	12m or lifetime ECL	31 December 2024 Gross carrying amount	31 December 2025 Gross carrying amount
				US$'000	*US$'000*
Financial assets at amortised cost					
Trade receivables	19	Low risk *(Note)*	Lifetime ECL (not credit-impaired)	347	207
Other receivables and deposits	17	Low risk	12m ECL	545	347
Bank balances and cash	20	Baa2 to Aa2	12m ECL	36,910	24,554

The Company:

	Notes	Internal/ external credit rating	12m or lifetime ECL	31 December 2024 Gross carrying amount	31 December 2025 Gross carrying amount
				US$'000	*US$'000*
Financial assets at amortised cost					
Other receivables and deposits	17	Low risk	12m ECL	108	42
Amounts due from subsidiaries	33	Low risk	12m ECL	35,060	35,082
Bank balances and cash	20	A2 to Aa2	12m ECL	29,964	23,102

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are individually significant or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The Group and the Company rely on shareholders' investment and issuance of preferred shares as a significant source of liquidity.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Within 1 year and on demand	1 to 5 years	Total	Carrying amount
	%	US$'000	US$'000	US$'000	US$'000
The Group					
At 31 December 2024					
Trade and other payables	–	595	–	595	595
Bank borrowings	3.05	856	–	856	835
Financial liabilities at FVTPL	10	–	141,392	141,392	97,830
Lease liabilities	6.81	869	423	1,292	1,210
		2,320	141,815	144,135	100,470
The Group					
At 31 December 2025					
Trade and other payables	–	1,605	–	1,605	1,605
Bank borrowings	3.10	3,793	–	3,793	3,728
Financial liabilities at FVTPL	10	141,392	–	141,392	104,680
Lease liabilities	5.60	658	88	746	706
		147,448	88	147,536	110,719
The Company					
At 31 December 2024					
Amounts due to subsidiaries	–	1,350	–	1,350	1,350
Financial liabilities at FVTPL	10	–	141,392	141,392	97,830
		1,350	141,392	142,742	99,180
The Company					
At 31 December 2025					
Other payables	–	505	–	505	505
Amounts due to subsidiaries	–	1,942	–	1,942	1,942
Financial liabilities at FVTPL	10	141,392	–	141,392	104,680
		143,839	–	143,839	107,127

(c) Fair value measurements of financial instruments

Some of the Group's and the Company's financial instruments are measured at fair value for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the findings to the directors of the Company every year to explain the cause of fluctuations in the fair value.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

(i) Fair value of the Group's and the Company's financial liabilities that are measured at fair value on a recurring basis

Some of the Group's and the Company's financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial liabilities	Fair value as at 31 December 2024	Fair value as at 31 December 2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of significant unobservable inputs to fair value
	US$'000	*US$'000*				
Financial liabilities at FVTPL — Preferred shares	97,830	104,680	Level 3	Discounted cash flows, hybrid method Discount rate, probability for liquidation, probability for redemption, probability for **[REDACTED]**, expected exit date, expected volatility value, expected dividend yield	Discount rate	A significant increase in discount rate of would result in a significant decrease in fair value, and vice versa. *(notes a, b)*

The reconciliation of Level 3 measurements of financial liabilities at FVTPL are set out in Note 23 and fair value losses on financial liabilities at FVTPL are presented as "changes in fair value of financial liabilities at FVTPL".

Note a: A 5% increases (decreases) in discount rate, while all other variables keep constant, would (decrease) increase the carrying amount of financial liability at FVTPL held by the Group and the Company as at 31 December 2024 by US$(6,120,000) and US$6,930,000, respectively.

Note b: A 5% increases (decreases) in discount rate, while all other variables keep constant, would (decrease) increase the carrying amount of financial liability at FVTPL held by the Group and the Company as at 31 December 2025 by US$(6,600,000) and US$7,960,000, respectively.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures required)

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

31. RETIREMENT BENEFIT PLANS

The subsidiary in the USA maintains qualified contributory savings plans for its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the USA with respect to the retirement benefits plans is to make the specified contributions under the plans.

The employees of the Company's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

The total amount provided by the Group to the scheme or plans in the USA and the PRC and charged to profit or loss are US$347,000 and US$172,000 for the years ended 31 December 2024 and 2025, respectively.

32. INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December	
	2024	**2025**
	US$'000	*US$'000*
Unlisted investments, at cost	53,356	59,175

As at 31 December 2024 and 2025 and the date of this report, the Group's subsidiaries are as follows:

Name of subsidiaries	Place and date of establishment/ incorporation	Issued and fully paid share/registered capital: As at 31 December 2024	As at 31 December 2025	As at the date of this report	Equity interest attributable to the Group: As at 31 December 2024	As at 31 December 2025	As at the date of this report	Principal activities
Directly held:								
Axbio Inc. *(Note i)*	USA 29 February 2016	US$0.1	US$0.1	US$0.1	100%	100%	100%	Research and development activities
Axbio (Hong Kong) Limited *(Note ii)*	Hong Kong 27 October 2021	HKD10,000	HKD10,000	HKD10,000	100%	100%	100%	Investment holding
Indirectly held:								
Anxuyuan Shenzhen* (安序源生物科技(深圳)有限公司) *(Note i)*	PRC 1 June 2017	RMB140,000,000	RMB140,000,000	RMB147,000,000 *(Note iv)*	100%	100%	100%	Research and development activities
Anxuyuancheng Biotechnology (Tianjin) Co., Ltd.* (安序源成生物科技(天津)有限公司) *(Note i)*	PRC 21 April 2020	RMB8,000,000	RMB8,000,000	RMB8,000,000	100%	100%	100%	Research and development activities
Anxuyuan Wuxi (安序源生物科技(無錫)有限公司) *(Note i)*	PRC 19 November 2021	US$35,000,000	US$35,000,000	US$37,000,000 *(Note v)*	100%	100%	100%	Manufacturing of In Vitro diagnostic equipment
Anxuyuan Medical Technology (Wuxi) Co., Ltd* (安序源醫療科技(無錫)有限公司) *(Note i)*	PRC 19 November 2023	RMB5,000,000	RMB5,000,000	RMB5,000,000	100%	100%	100%	Dormant
Anxuyuan Biotechnology (Suzhou) Co., Ltd* (安序源生物科技(蘇州)有限公司) *(Note i)*	PRC 7 April 2020	RMB10,000,000	RMB10,000,000	RMB10,000,000	100%	100%	100%	Dormant

* English name is for identification purpose only

Notes:

(i) No statutory financial statements have been prepared for these subsidiaries as there are no statutory audit requirements in the jurisdictions where these subsidiaries are incorporated.

(ii) The statutory financial statements of Axbio (Hong Kong) Limited for the year ended 31 December 2024 were prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities issued by the HKICPA and were audited by Richful CPA Limited registered in Hong Kong. At the date of this report, the statutory financial statements of Axbio (Hong Kong) Limited for the year ended 31 December 2025 have not been issued.

(iii) All subsidiaries are limited liability companies and have adopted 31 December as their financial year end date.

(iv) In March 2026, Anxuyuan Wuxi made a capital injection of RMB7,000,000 into Anxuyuan Shenzhen.

(v) In March 2026, Axbio (Hong Kong) Limited made a capital injection of US$2,000,000 into Anxuyuan Wuxi.

None of the subsidiaries has issued any debt securities as at 31 December 2024 and 2025.

33. AMOUNTS DUE FROM/TO SUBSIDIARIES

The amounts are non-trade in nature, unsecured, interest-free and repayable on demand. In the opinion of the directors, the Company will not demand for repayment from subsidiaries within one year from the end of the reporting periods and accordingly the amounts are classified as non-current.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Accrued issue costs	**Financial liabilities at FVTPL**	**Lease liabilities**	**Bank borrowings**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2024	–	90,220	1,436	–	91,656
Financing cash flows	–	–	(949)	842	(107)
Changes in fair value	–	7,610	–	–	7,610
New leases entered	–	–	648	–	648
Interest expenses	–	–	89	1	90
Exchange alignment	–	–	(14)	(8)	(22)
At 31 December 2024	–	97,830	1,210	835	99,875
Financing cash flows	(267)	–	(972)	2,770	1,531
Changes in fair value	–	6,850	–	–	6,850
New lease entered	–	–	398	–	398
Issue costs accrued	328	–	–	–	328
Interest expenses	–	–	57	58	115
Exchange alignment	–	–	13	65	78
At 31 December 2025	61	104,680	706	3,728	109,175

35. SUBSEQUENT EVENTS

Other than disclosed elsewhere in the Historical Financial Information, no material events have occurred subsequent to 31 December 2025 and up to the date of this report.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025 and up to the date of this report.