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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG SHIMAI PHARMACEUTICAL CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Zhejiang Shimai Pharmaceutical Co., Ltd. (the "Company") and its subsidiary (together, the "Group") set out on pages I-3 to I-39, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025, and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-39 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong
[**REDACTED**]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Year ended 31 December** 2024	2025
		RMB'000	*RMB'000*
Other income and gains	*5*	6,618	9,372
Administrative expenses		(12,188)	(43,107)
Research and development costs		(53,382)	(46,589)
Other expenses		(62)	(173)
Finance costs	*7*	(885)	(463)
LOSS BEFORE TAX	*6*	(59,899)	(80,960)
Income tax expense	*10*	–	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(59,899)	(80,960)
Attributable to:			
Owners of the parent		(59,899)	(80,960)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*12*	(3.39)	(4.51)

* For the details of pre-[**REDACTED**] investments, please refer to Note 23 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	9,141	6,198
Other intangible assets	*14*	247	218
Right-of-use assets	*15*	2,174	3,881
Prepayments, other receivables and other assets	*16*	1,865	3,545
Time deposits	*17*	40,338	20,621
Total non-current assets		53,765	34,463
CURRENT ASSETS			
Prepayments, other receivables and other assets	*16*	2,794	4,036
Cash and cash equivalents	*17*	23,907	33,913
Time deposits	*17*	2,875	25,286
Financial assets at fair value through profit or loss ("FVTPL")	*18*	163,787	86,739
Total current assets		193,363	149,974
CURRENT LIABILITIES			
Trade and other payables	*19*	12,564	23,444
Interest-bearing bank borrowings	*20*	31,030	20,000
Deferred income	*21*	4,100	–
Amounts due to a related party	*28*	907	1,782
Lease liabilities	*15*	762	2,094
Total current liabilities		49,363	47,320
NET CURRENT ASSETS		144,000	102,654
TOTAL ASSETS LESS CURRENT LIABILITIES		197,765	137,117
NON-CURRENT LIABILITIES			
Lease liabilities	*15*	1,415	620
Deferred income	*21*	20,617	21,268
Total non-current liabilities		22,032	21,888
Net assets		175,733	115,229
EQUITY			
Equity attributable to owners of the parent			
Paid-in capital	*23*	17,664	–
Share capital	*23*	–	18,450
Reserves	*24*	158,069	96,779
Total		175,733	115,229
Total equity		175,733	115,229

* For the details of pre-[**REDACTED**] investments, please refer to Note 23 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent			
	Paid-in capital	Capital reserve*	Accumulated losses*	Total
	RMB'000 *(note 23)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2024	17,664	609,847	(391,879)	235,632
Loss and total comprehensive loss for the year	–	–	(59,899)	(59,899)
At 31 December 2024	17,664	609,847	(451,778)	175,733

Year ended 31 December 2025

		Attributable to owners of the parent						
	Notes	Paid-in capital	Share capital	Capital reserve*	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
		RMB'000 *(note 23)*	*RMB'000* *(note 23)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000* *(note 24)*	*RMB'000*	*RMB'000*
At 1 January 2025		17,664	–	609,847	–	–	(451,778)	175,733
Loss and total comprehensive loss for the year		–	–	–	–	–	(80,960)	(80,960)
Capital contribution by a shareholder	*23*	786	–	–	–	–	–	786
Conversion into a joint stock company	*23*	(18,450)	18,450	(609,847)	174,777	–	435,070	–
Equity-settled share-based payments	*25*	–	–	–	–	19,670	–	19,670
At 31 December 2025		–	18,450	–	174,777	19,670	(97,668)	115,229

* The reserve accounts comprised RMB158,069,000 and RMB96,779,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(59,899)	(80,960)
Adjustments for:			
Finance costs	7	885	463
Interest income		(764)	(1,458)
Foreign exchange gains, net		49	173
Loss on disposal of items of property, plant and equipment		4	–
Gain on fair value changes of financial assets at FVTPL	5	(5,327)	(2,508)
Depreciation of property, plant and equipment	6	4,523	3,293
Depreciation of right-of-use assets	6	3,215	3,289
Amortisation of other intangible assets	6	26	29
Share-based payment expenses		–	19,670
Increase in prepayments, other receivables and other assets		1,030	52
Increase/(decrease) in deferred income		9,666	(3,449)
(Decrease)/increase in trade and other payables		(6,735)	9,803
(Decrease)/increase in amounts due to a related party		(362)	875
Cash used in operations		(53,689)	(50,728)
Interest received		336	248
Net cash flows used in operating activities		(53,353)	(50,480)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received from time deposits with original maturity over three months		90	210
Purchases of items of property, plant and equipment		(70)	(350)
Purchases of items of other intangible assets		(48)	–
Purchases of time deposits with original maturity over three months		(42,875)	(24,600)
Withdrawal of time deposits with original maturity over three months		10,000	22,875
Purchases of financial assets at FVTPL		(965,000)	(801,500)
Withdrawal of financial assets at FVTPL		1,022,528	881,056
Net cash flows from investing activities		24,625	77,691
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments		(2,403)	(4,645)
New interest-bearing bank borrowings		59,000	50,550
Repayment of interest-bearing bank borrowings		(28,000)	(61,550)
Interest on bank borrowings		(744)	(307)
Capital contribution by a shareholder		–	786
Payment of [**REDACTED**] expense		–	[**REDACTED**]
Net cash flows from/(used in) financing activities		27,853	(17,062)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(875)	10,149
Cash and bank balances at beginning of year		24,831	23,907
Effect of foreign exchange rate changes, net		(49)	(143)
CASH AND CASH EQUIVALENTS AT END OF YEAR	17	23,907	33,913

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2024	As at 31 December 2025
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	8,923	5,984
Other intangible assets	*14*	247	218
Right-of-use assets	*15*	–	2,498
Prepayments, other receivables and other assets	*16*	1,865	3,545
Investment in a subsidiary	*1*	53,582	62,473
Time deposits	*17*	40,338	20,621
Total non-current assets		104,955	95,339
CURRENT ASSETS			
Prepayments, other receivables and other assets	*16*	2,794	4,036
Cash and cash equivalents	*17*	20,828	30,500
Time deposits	*17*	–	20,717
Financial assets at FVTPL	*18*	163,787	86,739
Total current assets		187,409	141,992
CURRENT LIABILITIES			
Trade and other payables	*19*	12,564	23,444
Interest-bearing bank borrowings	*20*	31,030	20,000
Deferred income	*21*	4,100	–
Amounts due to a related party	*28*	907	1,782
Lease liabilities	*15*	–	1,298
Total current liabilities		48,601	46,524
NET CURRENT ASSETS		138,808	95,468
TOTAL ASSETS LESS CURRENT LIABILITIES		243,763	190,807
NON-CURRENT LIABILITIES			
Deferred income	*21*	20,617	21,268
Total non-current liabilities		20,617	21,268
Net assets		223,146	169,539
EQUITY			
Paid-in capital	*23*	17,664	–
Share capital	*23*	–	18,450
Reserves	*24*	205,482	151,089
Total equity		223,146	169,539

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Zhejiang Shimai Pharmaceutical Co., Ltd. (the "Company") was a limited liability company established in People's Republic of China ("PRC") on 4 September 2017. The registered address of the Company is Room 2008, 20/F, Huachuang Building, No. 511, Jianye Road, Changhe Street, Binjiang District, Hangzhou City, Zhejiang Province, PRC. On 29 September 2025, the Company was converted to a joint stock company with limited liability.

The Company is a biotechnology company focused on research and development of T-cell engager therapies. The Company and its subsidiary (the "Group") are principally engaged in the research and development in PRC and the United States of America (the "USA").

As at the date of this report, the Company had direct interest in its subsidiary, which is a private limited liability company, the particulars of which are as follows:

Name	Place and date of registration and place of operation	Issued Ordinary share	Issued Ordinary share Direct	Principal activities
CentryMed Pharmaceutical Inc. *(note a)*	USA 6 August 2018	United States Dollars ("USD") 100,000	100%	Research and development

a. No statutory accounts were prepared for the subsidiary as the subsidiary was not required by the local government to prepare statutory accounts.

The Company

The carrying amounts of the Company's investment in a subsidiary as at the end of each of the Relevant Periods are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Investment in CentryMed Pharmaceutical Inc., at cost	53,582	62,473

The Group assessed the impairment for the investment in the subsidiary as at the end of each of the Relevant Periods and no impairment was provided for the investment in the subsidiary since there was no impairment indicator.

2.1 BASIS OF PREPARATION

For ordinary shares issued to pre-[**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[**REDACTED**] investors in relation to the termination of certain of special rights granted by the Company, including redemption rights and liquidation preferences, which shall have never had any legal effect as described in note 23 to the Historical Financial Information, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[**REDACTED**] investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 23 to the Historical Financial Information.

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

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products and structured deposits which have been measured at fair value at the end of each of the Relevant Periods. The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual/reporting periods beginning on or after 1 January 2027

[3] No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that the new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

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

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

Laboratory equipment	19.00%
Office and electronic equipment	19.00% to 31.67%
Motor vehicles	23.75%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

Intangible assets (other than goodwill)

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

Software

Acquired software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These software licenses are stated at cost less any impairment losses and amortized over their estimated useful lives of 10 years.

Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Laboratories and office premises	1.75 to 3 years

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

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

The Group's lease liabilities are presented in a separate line on the consolidated statement of financial position.

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

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

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

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

Classification as equity and financial liabilities

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as interest-bearing bank borrowings and payables, as appropriate.

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks.

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

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

Government grants

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

Other income

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

Other employee benefits

Pension schemes

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

The subsidiary in the United States maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the USA. These plans are defined contribution plans covering substantially all the qualifying employees of that subsidiary 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 amounts or percentages of their compensation. The only obligation of the subsidiary in the USA with respect to the retirement benefit plans is to make the specified contributions under the plans.

Events after the reporting period

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

Borrowing costs

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

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

Deferred tax assets

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

Estimation uncertainty

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

Accrual of research and development costs

The Group partially relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services.

Impairment of non-financial assets

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

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

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

As of 31 December 2024 and 2025, no indicators of impairment of non-financial assets of the Group were identified, given that (i) such assets of the Group were neither obsolete nor physically damaged, and (ii) the Group's operations and pipelines were making progress as planned and the losses incurred for the years ended December 31, 2024 and 2025 did not exceed the budgets for the same periods. The carrying amounts of non-financial assets are disclosed in notes 13, 14 and 15 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4. OPERATING SEGMENT INFORMATION

The Group is engaged in research and development of T-cell engager therapies, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

Since most of the Group's non-current assets were located in Chinese mainland, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about major customers

No revenue was derived during the Relevant Periods. Therefore, no information about major customers is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Other income		
Government grants*	471	5,370
Interest income	764	1,458
Others	56	36
Total other income	1,291	6,864
Gains		
Gain on fair value changes of financial assets at FVTPL	5,327	2,508
Total gains	5,327	2,508
Total	6,618	9,372

* The government grants mainly represent subsidies received from local government authorities for the purpose of supporting the Company's operating activities, or for the purpose of compensation for expenditure arising from research and development activities.

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	*RMB'000*
Depreciation of property, plant and equipment*	*13*	4,523	3,293
Amortisation of intangible assets*	*14*	26	29
Depreciation of right-of-use assets*	*15*	3,215	3,289
Research and development costs*		53,382	46,589
Government grants	*5*	(471)	(5,370)
Lease payments not included in the measurement of lease liabilities*	*15(c)*	153	106
Employee benefit expense and social welfare (excluding directors', chief executive's and supervisor's remuneration *(note 8)*)*:			
Wages and salaries		15,509	13,462
Pension scheme contributions and social welfare		2,926	2,586
Share-based payment expenses		–	13,218
Total		18,435	29,266
Interest income	*5*	(764)	(1,458)
[**REDACTED**] expenses		–	[**REDACTED**]
Loss on disposal of items of property, plant and equipment		4	–
Gain on fair value changes of financial assets at FVTPL	*5*	(5,327)	(2,508)

* Research and development costs include expenses relating to depreciation of property, plant and equipment, amortisation of intangible assets, depreciation of right-of-use assets, lease payments not included in the measurement of lease liabilities and employee benefit expense and social welfare, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*
Interest on bank borrowings	774	277
Interest on lease liabilities	111	186
Total	885	463

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

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

	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	5,500	5,424
Pension scheme contributions and social welfare	357	504
Share-based payment expenses	–	6,452
Subtotal	5,857	12,380
Total	5,857	12,380

(a) Directors and supervisors

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
	RMB'000	*RMB'000*	*RMB'000*
Year ended 31 December 2024			
Chief executive and director:			
Dr. Xiao Zuoxiang *(note (i))*	3,295	183	3,478
Directors:			
Dr. Zhou Dongwen *(note (ii))*	1,476	140	1,616
Ms. JIUN WANG *(note (iii))*	–	–	–
Mr. Ding Shizhe *(note (v))*	–	–	–
Mr. Wang Yanbing *(note (vi))*	–	–	–
Mr. Zhu Qi *(note (vii))*	–	–	–
Supervisors:			
Mr. Zhou Wei *(note (viii))*	393	5	398
Ms. Fan Zhaoyang *(note (ix))*	336	29	365
Total	5,500	357	5,857

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Chief executive and director:				
Dr. Xiao Zuoxiang *(note (i))*	3,553	278	–	3,831
Directors:				
Dr. Zhou Dongwen *(note (ii))*	1,641	184	6,452	8,277
Ms. JIUN WANG *(note (iii))*	–	–	–	–
Mr. SHAO QING *(note (iv))*	–	–	–	–
Mr. Ding Shizhe *(note (v))*	–	–	–	–
Mr. Wang Yanbing *(note (vi))*	–	–	–	–
Mr. Zhu Qi *(note (vii))*	–	–	–	–
Supervisors:				
Ms. Fan Zhaoyang *(note (ix))*	145	31	–	176
Mr. Miao Hangbin *(note (x))*	85	11	–	96
Total	5,424	504	6,452	12,380

Notes:

(i) Dr. Xiao Zuoxiang was appointed as a director of the Company on 4 September 2017. Dr. Xiao Zuoxiang was also the chief executive and the chairman of the Company and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive and chairman.

(ii) Dr. Zhou Dongwen was appointed as a director of the Company on 5 July 2021.

(iii) Ms. JIUN WANG was appointed as a director of the Company on 3 December 2019 and resigned on 29 October 2025.

(iv) Mr. Shao Qing was appointed as a director of the Company on 29 April 2025.

(v) Mr. Ding Shizhe was appointed as a director of the Company on 15 June 2018.

(vi) Mr. Wang Yanbing was appointed as a director of the Company on 10 December 2020.

(vii) Mr. Zhu Qi was appointed as a director of the Company on 11 February 2022.

(viii) Mr. Zhou Wei was appointed as a supervisor of the Company on 24 March 2023 and resigned on 27 March 2024.

(ix) Ms. Fan Zhaoyang was appointed as a supervisor of the Company on 27 March 2024 and resigned on 12 September 2025.

(x) Mr. Miao Hangbin was appointed as a supervisor of the Company on 28 September 2025.

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses and allowances	2,611	1,579
Pension scheme contributions and social welfare	183	111
Share-based payment expenses	–	9,706
Total	2,794	11,396

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

	Year ended 31 December	
	2024	2025
Nil to HKD1,000,000	2	–
HKD1,000,001 to HKD2,000,000	1	–
HKD2,000,001 to HKD3,000,000	–	2
HKD7,000,001 to HKD8,000,000	–	1
Total	3	3

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

10. INCOME TAX

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the Company was subject to CIT at a rate of 25% on the taxable income during the Relevant Periods.

Pursuant to the relevant CIT Law, the Company enjoyed a super deduction of 200% on qualified research and development costs so incurred as tax deductible expenses when determining its assessable profits for the Relevant Periods.

USA

The Company's subsidiary incorporated and operated in the state of Maryland of the USA was subject to the federal statutory income tax rate at 21% and the state income tax rate at 8.25% during the Relevant Periods.

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

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

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its subsidiary are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(59,899)	(80,960)
Tax at the statutory tax rates	(15,274)	(20,533)
Expenses not deductible for tax purposes	46	4,995
Tax losses and temporary differences not recognised	25,460	24,325
Additional deductible allowance for qualified research and development costs	(10,232)	(8,787)
Tax charge at the Group's effective rates	–	–

11. DIVIDENDS

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

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

On 29 September 2025, the Company was converted to a joint stock limited liability company. A total of 18,449,491 (including increase of registered capital as disclosed in note 23) shares of a par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with a par value of RMB1.00 each was applied retrospectively for the Relevant Periods for the purpose of computation of basic loss per share amounts.

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

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

The calculation of basic loss per share amounts is based on:

	Year ended 31 December	
	2024	2025
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(59,899)	(80,960)
Ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	17,663,526	17,939,152

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Office and electronic equipment	Motor vehicles	Laboratory equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024					
At 1 January 2024:					
Cost	1,320	331	21,506	2,848	26,005
Accumulated depreciation	(762)	(157)	(9,623)	(1,865)	(12,407)
Net carrying amount	558	174	11,883	983	13,598
At 1 January 2024, net of accumulated depreciation	558	174	11,883	983	13,598
Additions	34	–	36	–	70
Disposals	(4)	–	–	–	(4)
Depreciation provided during the year	(266)	(80)	(3,194)	(983)	(4,523)
At 31 December 2024, net of accumulated depreciation	322	94	8,725	–	9,141
At 31 December 2024:					
Cost	1,321	331	21,542	2,848	26,042
Accumulated depreciation	(999)	(237)	(12,817)	(2,848)	(16,901)
Net carrying amount	322	94	8,725	–	9,141
As at 31 December 2025					
At 1 January 2025:					
Cost	1,321	331	21,542	2,848	26,042
Accumulated depreciation	(999)	(237)	(12,817)	(2,848)	(16,901)
Net carrying amount	322	94	8,725	–	9,141
At 1 January 2025, net of accumulated depreciation	322	94	8,725	–	9,141
Additions	10	248	4	88	350
Depreciation provided during the year	(133)	(104)	(3,054)	(2)	(3,293)
At 31 December 2025, net of accumulated depreciation	199	238	5,675	86	6,198
At 31 December 2025:					
Cost	1,331	579	21,546	2,936	26,392
Accumulated depreciation	(1,132)	(341)	(15,871)	(2,850)	(20,194)
Net carrying amount	199	238	5,675	86	6,198

The Company

	Office and electronic equipment	Motor vehicles	Laboratory equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024					
At 1 January 2024:					
Cost	1,320	331	17,820	2,848	22,319
Accumulated depreciation	(762)	(157)	(6,152)	(1,865)	(8,936)
Net carrying amount	558	174	11,668	983	13,383
At 1 January 2024, net of accumulated depreciation	558	174	11,668	983	13,383
Additions	26	–	5	–	31
Disposal	(4)	–	–	–	(4)
Depreciation provided during the year	(267)	(80)	(3,157)	(983)	(4,487)
At 31 December 2024, net of accumulated depreciation	313	94	8,516	–	8,923
At 31 December 2024:					
Cost	1,311	331	17,825	2,848	22,315
Accumulated depreciation	(998)	(237)	(9,309)	(2,848)	(13,392)
Net carrying amount	313	94	8,516	–	8,923
As at 31 December 2025					
At 1 January 2025:					
Cost	1,311	331	17,825	2,848	22,315
Accumulated depreciation	(998)	(237)	(9,309)	(2,848)	(13,392)
Net carrying amount	313	94	8,516	–	8,923
At 1 January 2025, net of accumulated depreciation	313	94	8,516	–	8,923
Additions	10	248	–	88	346
Depreciation provided during the year	(131)	(104)	(3,048)	(2)	(3,285)
At 31 December 2025, net of accumulated depreciation	192	238	5,468	86	5,984
At 31 December 2025:					
Cost	1,323	579	17,825	2,936	22,663
Accumulated depreciation	(1,131)	(341)	(12,357)	(2,850)	(16,679)
Net carrying amount	192	238	5,468	86	5,984

14. OTHER INTANGIABLE ASSETS

The Group and the Company

	Software
	RMB'000
31 December 2024	
As at 1 January 2024	225
Additions	48
Amortisation provided during the year	(26)
As at 31 December 2024	247
31 December 2025	
As at 1 January 2025	247
Additions	–
Amortisation provided during the year	(29)
As at 31 December 2025	218

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of laboratories and office premises used in its operations. Leases of laboratories and office premises generally have lease terms between 1.75 years and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Laboratories and office premises
	RMB'000
31 December 2024	
As at 1 January 2024	3,018
Additions	2,371
Depreciation charge	(3,215)
As at 31 December 2024	2,174
31 December 2025	
As at 1 January 2025	2,174
Additions	4,996
Depreciation charge	(3,289)
As at 31 December 2025	3,881

(b) Lease liabilities

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	2,098	2,177
Additions	2,371	4,996
Accretion of interest recognised during the year	111	186
Payments	(2,403)	(4,645)
Carrying amount at the end of the year	2,177	2,714
Analysed into:		
Current portion	762	2,094
Non-current portion	1,415	620

The maturity analysis of lease liabilities is disclosed in note 31 to the Historical Financial Information.

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest on lease liabilities	111	186
Depreciation charge of right-of-use assets	3,215	3,289
Expenses relating to short-term leases	153	106
Total amount recognised in profit or loss	3,479	3,581

(d) The total cash outflows for leases are disclosed in note 26(c) to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of laboratories and office premises used in its operations. Leases of laboratories and office premises generally have lease terms between 1.75 years and 2.08 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Laboratories and office premises
	RMB'000
31 December 2024	
As at 1 January 2024	2,510
Additions	–
Depreciation charge	(2,510)
As at 31 December 2024	–
31 December 2025	
As at 1 January 2025	–
Additions	4,996
Depreciation charge	(2,498)
As at 31 December 2025	2,498

(b) Lease liabilities

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	1,566	–
Additions	–	4,996
Accretion of interest recognised during the year	85	107
Payments	(1,651)	(3,805)
Carrying amount at the end of the year	–	1,298
Analysed into:		
Current portion	–	1,298
Non-current portion	–	–

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Value-added tax recoverable	1,809	3,489
Rental deposits	56	56
Total	1,865	3,545
Current:		
Prepayments	2,229	645
Other receivables	565	417
Deferred [**REDACTED**] expense	–	[**REDACTED**]
Total	2,794	4,036

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are not secured with collateral.

17. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

Cash and cash equivalents

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	23,907	33,913
Time deposits	43,213	45,907
Subtotal	67,120	79,820
Less:		
Time deposits with original maturity over three months but less than one year*	2,875	4,569
Time deposits with original maturity over one year*		
– Current	–	20,717
– Non-current	40,338	20,621
Cash and cash equivalents	23,907	33,913
Denominated in:		
RMB	20,828	30,500
USD	3,079	3,413
Total	23,907	33,913

The Company

Cash and cash equivalents

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	20,828	30,500
Time deposits	40,338	41,338
Subtotal	61,166	71,838
Less:		
Time deposits with original maturity over one year*		
– Current	–	20,717
– Non-current	40,338	20,621
Cash and cash equivalents	20,828	30,500
Denominated in:		
RMB	20,828	30,500

* Time deposits are made for depending on the cash requirements of the Group and earn interest at the time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

18. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Wealth management products	62,319	6,513
Structured deposits	101,468	80,226
Total	163,787	86,739

As at end of each of the Relevant Periods, the financial assets at FVTPL represented wealth management products and structured deposits issued by certain banks in Chinese mainland. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

19. TRADE AND OTHER PAYABLES

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade payables	2,531	649
Accrued research and development costs	4,138	10,635
Payroll payables	5,755	5,990
Other tax payables	31	9
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Other payables	109	305
Total	12,564	23,444

Other payables are unsecured and non-interest-bearing. The carrying amounts of financial liabilities included in trade and other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

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

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 3 months	2,505	642
3 months to 1 year	26	7
Total	2,531	649

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

20. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2024			As at 31 December 2025		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
	(%)			*(%)*		
Current:						
Bank loans – secured *(a)*	2.75-2.95	2025	11,030	2.20	2025-2026	20,000
Current portion of long term bank loans – secured *(a)*	3.00	2025	20,000	–	–	–
			31,030			20,000

	As at 31 December 2024	As at 31 December 2025
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	31,030	20,000

(a) The bank loans were secured by certain patents of the Group.

As at end of each of the Relevant Periods, all borrowings were denominated in RMB.

21. DEFERRED INCOME

The Group and the Company

	As at 31 December 2024	As at 31 December 2025
	RMB'000	*RMB'000*
Income-related government grants*	24,717	21,268
Analysed into:		
Current portion	4,100	–
Non-current portion	20,617	21,268

* The Group's deferred income mainly represented government grants related to research and development projects which has not meet the acceptance conditions. The grants related to research and development projects will be released to profit or loss when the group meets the acceptance conditions agreed upon by the government.

22. DEFERRED TAX

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

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2024	776
Deferred tax credited to profit or loss during the year	(140)
At 31 December 2024 and 1 January 2025	636
Deferred tax charged to profit or loss during the year	393
At 31 December 2025	1,029

Deferred tax assets

	Tax losses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	228	548	776
Deferred tax (charged)/credited to profit or loss during the year	(228)	88	(140)
At 31 December 2024 and 1 January 2025	–	636	636
Deferred tax credited to profit or loss during the year	288	105	393
At 31 December 2025	288	741	1,029

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

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

The Group had accumulated tax losses of RMB530,631,000 and RMB631,043,000 as at 31 December 2024 and 2025, respectively, which would expire within 1 to 5 years for offsetting against future taxable profits of the companies in which the losses arose.

The Group had unrecognised deductible temporary differences of RMB12,020,000 and RMB7,528,000 as at 31 December 2024 and 2025, respectively.

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

23. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Pursuant to the shareholders' resolutions dated 28 September 2025, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liability with 18,449,491 shares in a nominal value of RMB1.00 each. The net assets of the Company as of 31 August 2025 were converted to 18,449,491 ordinary shares at RMB1.00 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The remaining amount was converted into share premium. Upon the completion of registration on 29 September 2025, the Company was converted into a joint stock company with limited liability.

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

	Share capital/ Paid-in capital
	RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	17,664
Capital contributions by a shareholder	786
At 31 December 2025	18,450

Pursuant to the shareholders' agreements entered into on 4 June 2018, 25 September 2020 and 24 January 2022 respectively (collectively, the "Agreements"), the Company respectively issued 1,666,665, 3,266,667 and 2,730,194 registered capital to shareholders (collectively the "Pre-[**REDACTED**] Investors") for a total net cash proceeds of RMB50,000,000, RMB140,000,000 and RMB330,000,000 respectively (collectively the "Pre-[**REDACTED**] Investments"). Pursuant to the Agreements, the Pre-[**REDACTED**] Investors were granted by the Company with redemption rights and liquidation rights.

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

On 26 August 2025, the Company received cash proceeds of RMB786,000 and number of the registered capital of the Company increased by 785,965. On 30 August 2025, the Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreements, agreeing that redemption rights of liquidation preferences have been irrecoverably terminated and shall have never had any legal effect. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Relevant Periods.

Had the redemption rights granted by the Company to the Pre-[**REDACTED**] Investors been accounted for as financial liabilities measured at fair value prior to entering into the supplemental agreements, the financial liabilities at fair value through profit and loss, total current liabilities and net (liabilities)/assets would have been:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at fair value through profit and loss	1,666,164	–
Total current liabilities	1,715,527	47,320
Net (liabilities)/assets	(1,490,431)	115,229

The fair value changes associated with the financial liabilities at fair value through profit and loss, total net loss for the year, basic and diluted loss per share amounts would have been:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Fair value changes on financial liabilities at fair value through profit and loss	(278,531)	(313,423)
Total net loss	(338,430)	(394,383)
Basic and diluted loss per share	(19.58)	(21.98)

24. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of change in equity on page I-6 of the Historical Financial Information.

Capital reserve/share premium

The capital reserve and share premium mainly represents the difference between the par value of the shares issued and the consideration received.

The Company

	Capital reserve	Share Premium	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	609,847	–	–	(351,493)	258,354
Loss and total comprehensive loss for the year	–	–	–	(52,872)	(52,872)
At 31 December 2024 and 1 January 2025	609,847	–	–	(404,365)	205,482
Loss and total comprehensive loss for the year	–	–	–	(74,063)	(74,063)
Conversion into a joint stock company	(609,847)	174,777	–	435,070	–
Equity-settled share-based payments	–	–	19,670	–	19,670
At 31 December 2025	–	174,777	19,670	(43,358)	151,089

25. SHARE INCENTIVE PLAN

The 2025 Equity Incentive Plan

In November 2025, the shareholders' meeting of the Company passed a resolution to adopt a share award scheme (the "2025 Equity Incentive Plan") for the purpose of providing incentives and rewards to eligible employees and directors of the Company who contribute to the success of the Group's operations. The participants of the 2025 Equity Incentive Plan shall be granted 1,124,895 shares in the Company in the form of the limited partnership interests in Hangzhou Shimai Management Consulting Partnership Enterprise (Limited Partnership), which was set up as an Employee Incentive Platform in the PRC.

Subject to the terms and conditions as set out in the 2025 Equity Incentive Plan, the shares are vested in the portions of 40%, 30% and 30% on the first, second and third anniversaries of the grant date, respectively. In addition to meeting the time-based vesting condition, the shares shall be subject to the additional condition of the Company's completion of a [**REDACTED**].

The fair value of services received in return for shares granted to employees and directors was measured by reference to the fair value of the shares granted and the subscription price paid by employees and director. Details of the granted shares are as follows:

Date of grant	Number of restricted shares	Subscription priceper share	Fair value of the share
		RMB	*RMB*
7 November 2025	1,124,895	1.20	161.41

The following restricted shares were outstanding under the 2025 Equity Incentive Plan during the Relevant periods:

	Number of restricted shares
As at 1 January 2025	–
Granted during the year	1,124,895
As at 31 December 2025	1,124,895

The fair value of restricted shares at the grant date was determined by reference to the fair value of the underlying ordinary shares of the Company on the respective dates of grant.

The Group recognised share-based payment expenses of RMB19,670,000 during the year ended December 31, 2025.

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant periods, the Group had non-cash additions to lease liabilities of RMB2,371,000, RMB4,996,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	2,098	–	2,098
Additions	2,371	–	2,371
Changes from financing cash flows	(2,403)	30,256	27,853
Accretion of interest	111	774	885
At 31 December 2024 and 1 January 2025	2,177	31,030	33,207
Additions	4,996	–	4,996
Changes from financing cash flows	(4,645)	(11,307)	(15,952)
Accretion of interest	186	277	463
At 31 December 2025	2,714	20,000	22,714

(c) Total cash outflow for leases

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within operating activities	153	106
Within financing activities	2,403	4,645
Total	2,556	4,751

27. COMMITMENTS

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

28. RELATED PARTY TRANSACTIONS

Name and relationship of a related party

Name of related party	Relationship
MabPlex International Co., Ltd. ("MabPlex")	The party with significant influence over the Group

* MabPlex has significant influence over the Group as MabPlex had a representation on the board of directors of the Company.

(a) The Group had the following transactions with a related party during the Relevant Periods:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Purchase of services	2,468	2,638

(b) Outstanding balances with a related party:

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade		
Amounts due to MabPlex	907	1,782

During the year ended 31 December 2025 and 2024, there were no side agreements or arrangements between the Company and Dr. Xiao Zuoxiang regarding the redemption rights of the pre-[**REDACTED**] investors, nor had the Company provided any form of guarantee in connection with any potential default or failure by Dr. Xiao Zuoxiang to fulfil his obligations relating to such redemption rights. Although the Company was a signing party to the agreements entered into between the pre-[**REDACTED**] investors and Dr. Xiao Zuoxiang, the Company had no connection or involvement in the arrangements concerning redemption rights between the pre-[**REDACTED**] investors and Dr. Xiao Zuoxiang, nor did it bear any obligation to repurchase any Shares under such terms. As the Company has no obligation to repurchase the shares, no liability was recognized for the investments from the pre-[**REDACTED**] investors during the year ended 31 December 2025 and 2024.

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	5,500	6,214
Pension scheme contributions and social welfare	357	535
Share-based payment expenses	–	12,904
Total	5,857	19,653

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

29. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets at FVTPL:		
Wealth management products	62,319	6,513
Structured deposits	101,468	80,226
Subtotal	163,787	86,739
Financial assets at amortised cost:		
Financial assets included in prepayments, other receivables and other assets	621	473
Time deposits	43,213	45,907
Cash and bank balances	23,907	33,913
Subtotal	67,741	80,293
Total	231,528	167,032

Financial liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities at amortised cost:		
Financial liabilities included in trade and other payables	6,778	17,445
Amounts due to a related party	907	1,782
Interest-bearing bank borrowings	31,030	20,000
Total	38,715	39,227

* For the details of pre-[**REDACTED**] investments, please refer to Note 23 to the Historical Financial Information.

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, financial liabilities included in trade and other payables, interest-bearing borrowings and amounts due to a related party approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for each reporting period.

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL	–	163,787	–	163,787

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL	–	86,739	–	86,739

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at FVTPL and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as financial assets included in prepayments, other receivables and other assets, financial liabilities included in trade and other payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from activities in USD. The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD/RMB exchange rate, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If RMB weakens against USD	5	(298)	(298)
If RMB strengthens against USD	(5)	298	298
31 December 2025			
If RMB weakens against USD	5	(399)	(399)
If RMB strengthens against USD	(5)	399	399

Credit risk

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

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

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets – normal*	621	–	–	–	621
Time deposits – Not yet past due	43,213	–	–	–	43,213
Cash and bank balances – Not yet past due	23,907	–	–	–	23,907
Total	67,741	–	–	–	67,741

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets – normal*	473	–	–	–	473
Time deposits – Not yet past due	45,907	–	–	–	45,907
Cash and bank balances – Not yet past due	33,913	–	–	–	33,913
Total	80,293	–	–	–	80,293

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There is no significant concentration of credit risk.

Liquidity risk

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

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

The Group

	As at 31 December 2024		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	6,778	–	6,778
Interest-bearing bank borrowings	31,469	–	31,469
Amounts due to a related party	907	–	907
Lease liabilities	841	1,472	2,313
Total	39,995	1,472	41,467

	As at 31 December 2025		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	17,445	–	17,445
Interest-bearing bank borrowings	20,422	–	20,422
Amounts due to a related party	1,782	–	1,782
Lease liabilities	2,174	631	2,805
Total	41,823	631	42,454

Capital management

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

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

32. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the shareholders' resolutions dated 26 January 2026, the shareholders of the Company approved the capital increase by issuing 1,046,087 new shares with a nominal value of RMB1.00 each, raising a total investment amount of RMB170,100,000. Upon the completion of the capital increase, the Company's registered capital increased from RMB18,449,491 to RMB19,495,578.

33. SUBSEQUENT FINANCIAL STATEMENTS

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