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

"[To insert the firm's letterhead]"

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LUPENG PHARMACEUTICAL LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Lupeng Pharmaceutical Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-42, 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 December 31, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 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-42 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, respectively, 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, respectively, 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 December 31, 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, respectively.

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

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2024	2025
		RMB'000	*RMB'000*
REVENUE	*5*	–	32,066
Cost of sales		–	–
Gross profit		–	32,066
Other income and gains	*5*	12,072	19,786
Research and development expenses		(149,515)	(128,696)
Administrative expenses		(25,466)	(55,881)
Other expenses	*6*	(26)	(423)
Finance costs	*7*	(339)	(334)
Change in fair value of financial liabilities at fair value through profit or loss ("FVTPL")	*26*	159,889	(73,896)
LOSS BEFORE TAX	*8*	(3,385)	(207,378)
Income tax expense	*11*	–	–
LOSS FOR THE YEAR		(3,385)	(207,378)
Attributable to:			
Owners of the parent		(3,385)	(207,378)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(945)	2,899
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company		1,532	(7,938)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		587	(5,039)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,798)	(212,417)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Expressed in RMB)			
Basic	*13*	(0.87)	(53.30)
Diluted	*13*	(9.66)	(53.30)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2024	As at December 31, 2025
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	6,061	2,995
Intangible assets	15	49	42
Right-of-use assets	16	950	2,674
Other non-current assets	17	12,815	14,981
Total non-current assets		19,875	20,692
CURRENT ASSETS			
Prepayments, other receivables and other assets	18	8,227	15,354
Amounts due from related parties	32	823	823
Cash and bank balances	19	105,833	681,732
Total current assets		114,883	697,909
CURRENT LIABILITIES			
Trade payables	20	36,086	42,439
Contract liabilities	22	27,208	–
Other payables and accruals	21	6,767	10,860
Interest-bearing bank borrowings	23	7,508	–
Lease liabilities	16	842	1,961
Deferred income	25	344	547
Preferred shares	26	936,713	1,730,120
Total current liabilities		1,015,468	1,785,927
NET CURRENT LIABILITIES		(900,585)	(1,088,018)
TOTAL ASSETS LESS CURRENT LIABILITIES		(880,710)	(1,067,326)
NON-CURRENT LIABILITIES			
Lease liabilities	16	–	583
Total non-current liabilities		–	583
NET LIABILITIES		(880,710)	(1,067,909)
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	1	1
Reserves	28	(880,711)	(1,067,910)
Total deficits		(880,710)	(1,067,909)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2024

	Share capital	Share-based payment reserve*	Exchange fluctuation reserve*	Other reserve*	Accumulated losses*	Total deficits
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000* *(note 28)*	*RMB'000*	*RMB'000*
At January 1, 2024	1	18,669	(4,039)	3,136	(917,968)	(900,201)
Loss for the year	–	–	–	–	(3,385)	(3,385)
Other comprehensive income for the year:						
Exchange differences	–	–	587	–	–	587
Total comprehensive loss for the year	–	–	587	–	(3,385)	(2,798)
Share-based payment expenses	–	22,289	–	–	–	22,289
At December 31, 2024	1	40,958	(3,452)	3,136	(921,353)	(880,710)

Year ended December 31, 2025

	Share capital	Share-based payment reserve*	Exchange fluctuation reserve*	Other reserve*	Accumulated losses*	Total deficits
	RMB'000 *(note 27)*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000* *(note 28)*	*RMB'000*	*RMB'000*
At January 1, 2025	1	40,958	(3,452)	3,136	(921,353)	(880,710)
Loss for the year	–	–	–	–	(207,378)	(207,378)
Other comprehensive loss for the year:						
Exchange differences	–	–	(5,039)	–	–	(5,039)
Total comprehensive loss for the year	–	–	(5,039)	–	(207,378)	(212,417)
Share-based payment expenses	–	25,218	–	–	–	25,218
At December 31, 2025	1	66,176	(8,491)	3,136	(1,128,731)	(1,067,909)

* These reserve accounts comprised the consolidated deficits of RMB880,711,000 and RMB1,067,910,000 in the consolidated statements of financial position as at December 31, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(3,385)	(207,378)
Adjustments for:			
Finance costs	7	339	334
Interest income	5	(4,283)	(5,332)
Depreciation of property, plant and equipment	14	4,585	3,580
Amortisation of intangible assets	15	8	7
Depreciation of right-of-use assets	16	2,302	1,661
Loss on disposal of property, plant and equipment	6	10	–
(Gain)/loss on lease termination	5/6	(103)	22
Fair value (gains)/loss on preferred shares	26	(159,889)	73,896
Share-based payment expenses	29	22,289	25,218
Foreign exchange differences, net	5/6	(774)	398
		(138,901)	(107,594)
Increase in other non-current assets		(1,453)	(2,003)
Decrease/(increase) in prepayments and other receivables		3,438	(3,692)
Increase/(decrease) in contract liabilities		27,208	(27,208)
Increase in deferred income		344	203
(Decrease)/increase in trade payables		(3,625)	6,353
(Decrease)/increase in other payables and accruals		(4,726)	3,906
Cash used in operations		(117,715)	(130,035)
Interest received		4,283	5,332
Net cash flows used in operating activities		(113,432)	(124,703)
CASH FLOWS FROM INVESTING ACTIVITIES			
Refund related to other non-current asset		19,880	–
Purchases of property, plant and equipment		(312)	(549)
Refund related to return of purchase of property, plant and equipment		175	–
Net cash flows from/(used in) investing activities		19,743	(549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of preferred shares	26	–	719,511
Proceeds from loans with warrants to purchase preferred shares	26	–	232,654
Repayments of loans with warrants to purchase preferred shares	26	–	(232,654)
New bank borrowings	23	–	9,990
Interest paid		(279)	(298)
[**REDACTED**] expense paid		[**REDACTED**]	[**REDACTED**]
Payments for rental and other deposits		(83)	(163)
Principal portion of lease payments		(2,595)	(1,749)
Repayment of bank loans and other borrowings		(1,000)	(17,490)
Net cash flows (used in)/from financing activities		(3,957)	706,588

	Notes	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	RMB'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(97,646)	581,336
Cash and cash equivalents at beginning of year		202,121	105,833
Effect of foreign exchange rate changes, net		1,358	(5,437)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*19*	105,833	681,732
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances as stated in the consolidated statements of financial position	*19*	105,833	681,732

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,	
	Notes	**2024**	**2025**
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investments in subsidiaries	*1*	1,040,786	1,335,798
Total non-current assets		1,040,786	1,335,798
CURRENT ASSETS			
Amounts due from subsidiaries	*32*	57,605	56,316
Prepayments, other receivables and other assets	*18*	–	3,435
Cash and bank balances	*19*	26,409	442,668
Total current assets		84,014	502,419
CURRENT LIABILITIES			
Other payables and accruals	*21*	518	1,987
Amounts due to subsidiaries	*32*	11	11
Preferred shares	*26*	936,713	1,730,120
Total current liabilities		937,242	1,732,118
NET CURRENT LIABILITIES		(853,228)	(1,229,699)
TOTAL ASSETS LESS CURRENT LIABILITIES		187,558	106,099
NET ASSETS		187,558	106,099
EQUITY			
Share capital	*27*	1	1
Reserves	*28*	187,557	106,098
Total equity		187,558	106,099

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Lupeng Pharmaceutical Ltd. (the "Company") is a limited liability company incorporated in the state of Delaware, the United States on October 29, 2021. On December 8, 2021, the Company was redomiciled to the Cayman Islands. The registered office address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") underwent the restructuring as set out in the section headed "History, Reorganization and Corporate Structure" in the Document (the "Restructuring").

During the Relevant Periods, the Group was involved in the research and development of pharmaceutical products.

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Lupeng Pharmaceutical International Company Limited ("Lupeng BVI") *(note (a))*	British Virgin Islands ("BVI") November 9, 2021	US$50,000	100%	–	Investment holding
Hong Kong Lupeng Pharmaceutical International Company Limited ("Lupeng HK") *(note (c))*	Hong Kong November 16, 2021	HK$10,000	–	100%	Investment holding
Newave Pharmaceutical Inc. ("Newave") *(note (b))*	United States of America ("USA") January 7, 2015	US$40,000	–	100%	Research and development of pharmaceuticals
Guangzhou Lupeng Pharmaceutical Company Limited* (廣州麓鵬製藥有限公司) ("Guangzhou Lupeng") *(note (d))*	People's Republic of China ("PRC")/Chinese Mainland June 27, 2018	RMB174,911,880	–	100%	Research and development of pharmaceuticals and investment holding
Lupeng Pharmaceutical (Shanghai) Co., Ltd.* (麓鵬製藥(上海)有限公司) ("Shanghai Lupeng") *(note (b))*	PRC/Chinese Mainland November 15, 2021	RMB10,000,000	–	100%	Research and development of pharmaceuticals
Lupeng Pharmaceutical (Beijing) Co., Ltd.* (麓鵬製藥(北京)有限公司) ("Beijing Lupeng") *(note (b))*	PRC/Chinese Mainland April 17, 2023	RMB10,000,000	–	100%	Research and development of pharmaceuticals
Lupeng Pharmaceutical (Hangzhou) Co., Ltd.* (麓鵬製藥(杭州)有限公司) ("Hangzhou Lupeng") *(note (b))*	PRC/Chinese Mainland April 19, 2023	RMB10,000,000	–	100%	Research and development of pharmaceuticals
Hangzhou Lupeng Pharma Tech Co., Ltd.* (杭州麓鵬醫藥科技有限公司) *(note (b))*	PRC/Chinese Mainland June 16, 2025	RMB10,000,000	–	100%	Research and development of pharmaceuticals
Guangzhou Lupeng Pharmaceutical Technology Co., Ltd.* (廣州麓鵬醫藥科技有限公司) *(note (e))*	PRC/ Chinese Mainland January 29, 2026	RMB50,000,000	–	100%	Commercialisation of pharmaceuticals

Notes:

(a) As at the date of this report, no audited financial statements have been prepared for the these entities, as they had limited level of business operations.

(b) No audited financial statements have been prepared, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(c) The statutory financial statements for this entity for the year ended December 31, 2024 prepared in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA were audited by Kristine Wong & Co. Certified Public Accountants, certified public accountants registered in Hong Kong.

(d) The statutory financial statements for this entity for the year ended December 31, 2024 prepared in accordance with accepted accounting principles and financial regulations in PRC were audited by Guangzhou Zhengde Certified Public Accountants Co., Ltd. (廣州正德會計師事務所有限公司), certified public accountants registered in the PRC.

(e) No audited financial statements of these entities have been prepared since the establishment as the entity was newly established.

* The English names of these companies represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

The carrying amounts of the Company's investments in subsidiaries during the Relevant Periods are as below:

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Investments, at cost	1,003,116	1,274,569
Deemed investment arising from share-based payments	37,670	61,229
Total	1,040,786	1,335,798

2.1 BASIS OF PREPARATION

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

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

The Group incurred losses continually during the Relevant Periods due to the pre-revenue stage of its new drug research and development businesses. The Group recorded net current liabilities of RMB1,088,018,000 and net liabilities of RMB1,067,326,000 as at December 31, 2025, primarily due to the significant amount of the preferred shares of RMB1,730,120,000 arising from the financing with redemption feature from pre-[**REDACTED**] investors. The preferred shares will not result in future cash payments within the next twelve months from December 31, 2025 because as set out in the paragraph headed "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments — Special rights of the Pre-[**REDACTED**] Investors" to this Document, the relevant redemption rights granted to the Pre-[**REDACTED**] Investors were terminated upon the submission of application by the Company for an [**REDACTED**] on the Main Board of the Stock Exchange (the "[**REDACTED**]"), provided that such rights shall resume to be exercisable if the [**REDACTED**] is withdrawn, rejected, returned or lapsed. All other special rights shall be automatically terminated upon the completion of the [**REDACTED**].

In this regard, the directors of the Company are of the opinion that the Company is not obligated to settle the preferred shares in next twelve months from December 31, 2025.

Based on the above factors and the Group's historical performance and our management's operating and financing plans, the directors of the Company concluded that it is appropriate to prepare the Historical Financial Information on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: (a) the contractual arrangement with the other vote holders of the investee; (b) rights arising from other contractual arrangements; and (c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised 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 revised IFRS Accounting Standards, if applicable, when they become effective.

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

1 Effective for annual periods beginning on or after January 1, 2026

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

3 No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows. Except for IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, 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 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:

Category	Principal annual rate
Leasehold improvements	33% to 100%
Office equipment	19% to 32%
Laboratory equipment	19% to 32%
Transportation equipment	25%

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

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	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:

Office and laboratory	1 to 5 years

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

(b) Lease liabilities

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

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

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

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

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

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

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.

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.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank borrowings, loans with warrants to purchase preferred shares and preferred shares.

Subsequent measurement

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

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

After initial recognition, trade and other payables, and interest-bearing 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.

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include preferred shares which are designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

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 each 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 each 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 investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

The Group entered into a licence and collaboration agreement for research, development, manufacture and commercialisation services with one customer in 2024.

For licence and collaboration revenue at contract inception, the Group analyses the licence and collaboration arrangement to assess whether it is within the scope of IFRS 11 Joint Arrangements to determine whether such arrangement involves joint operating activities performed by parties that are both active participants in the activities and are exposed to significant risks and rewards dependent on the commercial success of such activities. After Group's assessment, no licence and collaboration arrangement was within the scope of IFRS 11 Joint Arrangements during the Relevant Periods.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the licence and collaboration agreement, the management of the Company perform the five-step model under IFRS 15. The licence and collaboration arrangement may contain more than one account or performance obligation, including grants of licences to intellectual property rights (the "Licences") and agreements to provide drug supply manufacturing services. The licence and collaborative arrangement typically not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

(a) Licences of intellectual property

Upfront non-refundable payments for Licences are evaluated to determine if they are distinct from the other performance obligations identified in the arrangement. For the Licences determined to be distinct, the Group recognises revenues from non-refundable up-front fees allocated to the licences at a point in time, when the Licences are transferred to the licencee and the licencee is able to use and benefit from the Licences.

Milestone payments

At the inception of the arrangement that includes development milestone payments and commercial milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, it is generally fully constrained at contract inception. The management of the Company assesses whether the variable consideration is fully constrained for each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration is included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Due to the inherent uncertainty with the approval process, regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.

Royalties

For arrangements that include sales-based royalties, the Group recognises revenue when the related sales occur.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binominal model, further details of which are given in note 29 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The Group conducts its business mainly in RMB, with certain transactions denominated in United States dollar ("US$"), and, to a lesser extent, other currencies. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

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

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

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and certain overseas subsidiaries which arise throughout the reporting periods are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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 expenses

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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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

Estimation uncertainty

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

Fair value of preferred shares measured at FVTPL

The fair value of the preferred shares measured at FVTPL is determined using valuation techniques, including the discounted cash flow method, the back-solve method and the equity allocation model. Such valuation requires key assumptions include the risk-free interest rate, discounts for lack of marketability ("DLOM") and volatility, which are subject to uncertainty. Improper application of such parameters might result in material differences from the actual results.

The fair values of preferred shares at December 31, 2024 and December 31, 2025 were RMB936,713,000 and RMB1,730,120,000, respectively. Further details are included in note 26 to the Historical Financial Information.

Fair value of share-based payment transactions

The Group has granted options to the Group's employees during the Relevant Periods. The fair values of the options were determined through the application of a binominal model at the grant dates. Significant estimates on assumptions, including the future cash flows and discount rate, were made by the board of directors of the Company. Further details are included in note 29 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each of the reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at the end of each Relevant Period, no indicators of impairment for non-financial assets of the Group were identified considering the following assessments:

The Group's property, plant and equipment mainly consisted of laboratory premises for research and development purposes. As at the end of each Relevant Period, no impairment indicator was identified for the property, plant and equipment, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the property, plant and equipment were in good condition and normal use; and (iii) no obsolescence or physical damage had taken place during the Relevant Periods.

The Group's intangible assets mainly consisted of software. As at the end of each Relevant Period, no impairment indicator was identified for the intangible assets, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the intangible assets were in good condition and normal use; and (iii) no obsolescence or physical damage had taken place during the Relevant Periods.

The Group's right-of-use assets included office and laboratory premises leased from third parties. As at the end of each Relevant Period, no impairment indicator was identified for the right-of-use assets, considering (i) the progress of all pipelines remains in line with expectations; (ii) all the right-of-use assets were in good condition and normal use; and (iii) no obsolescence or physical damage of these right-of-use assets had taken place during the Relevant Periods.

4. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

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

Information about major customers

The revenue generated from sales to one customer during the Relevant Periods are set out below:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Customer A	–	32,066

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers	–	32,066

(a) Disaggregated revenue information

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Types of services		
Licensing of revenue	–	32,066
Timing of revenue recognition		
At a point in time	–	32,066

The following table shows the amounts of revenue recognised in the current Relevant Periods that were included in the contract liabilities at the beginning of the Relevant Periods and recognized from performance obligation satisfied in previous periods:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Licensing revenue	–	27,208

(b) Performance obligations

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

Licensing revenue

During the Relevant Periods, the Group entered into one license agreement with third parties (the "Licensees"), pursuant to which the Licensees shall obtain exclusive licenses for developing, manufacture, and commercializing certain innovative therapies developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service. The Group receives non-refundable upfront payments in accordance with license agreements and is eligible to receive milestone payments and tiered royalty payments based on net sales in the territories.

Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

An analysis of other income and gains is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Other income		
Government grants income*	6,912	10,873
Bank interest income	4,283	5,332
Others	–	3,581
Total other income	11,195	19,786
Other gains		
Gain on lease termination	103	–
Foreign exchange gains, net	774	–
Total gains	877	–
Total	12,072	19,786

* The government grants mainly represent subsidies received from the local governments for the purpose of compensation of expenses spent on research and clinical trial activities, and allowances for new drug development. There were no unfulfilled conditions or contingencies relating to the grants.

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Foreign exchange losses, net	–	398
Loss on lease termination	–	22
Loss on disposal of property, plant and equipment	10	–
Others	16	3
Total	26	423

7. FINANCE COSTS

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Interest on bank borrowings	277	290
Interest on lease liabilities *(notes 16(b) and 16(c))*	62	44
Total	339	334

8. LOSS BEFORE TAX

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

		Year ended December 31,	
	Notes	2024	2025
		RMB'000	*RMB'000*
Depreciation of property, plant and equipment	*14*	4,585	3,580
Amortisation of intangible assets	*15*	8	7
Depreciation of right-of-use assets	*16(a)*	2,302	1,661
Foreign exchange differences, net	*5/6*	(774)	398
Government grants income	*5*	(6,912)	(10,873)
Bank interest income	*5*	(4,283)	(5,332)
Fair value (gains)/loss on preferred shares	*26*	(159,889)	73,896
[**REDACTED**] expenses		[**REDACTED**]	[**REDACTED**]
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 9)*)			
– Wages and salaries		39,172	39,187
– Pension scheme contributions		1,713	1,746
– Staff welfare expenses		796	696
– Share-based payment expenses		7,112	7,311
Total		48,793	48,940

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of each of the Company's directors is set out below:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Fees	–	–
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	7,382	9,443
Pension scheme contributions	106	147
Share-based payment expenses	13,384	16,247
Total	20,872	25,837

(a) Independent non-executive directors

The Company did not have any independent non-executive directors at any time during the Relevant Periods December 31, 2025.

(b) Directors and the chief executive

Year ended December 31, 2024

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and director:					
Dr. Fenlai TAN *(note (i))*	–	1,924	47	5,547	7,518
Directors:					
Dr. CHEN Yi *(note (ii))*	–	2,214	11	4,807	7,032
Mr. ZHOU Zhengqing *(note (iii))*	–	2,249	–	1,444	3,693
Dr. SHEN Yue *(note (iv))*	–	995	48	1,586	2,629
Ms. MIAO Jingwen *(note (v))*	–	–	–	–	–
Mr. JIN Jiaqi *(note (vi))*	–	–	–	–	–
Mr. LI Xianxian *(note (vii))*	–	–	–	–	–
Dr. YU Tao *(note (viii))*	–	–	–	–	–
Total	–	7,382	106	13,384	20,872

Year ended December 31, 2025

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chief executive and director:					
Dr. Fenlai TAN *(note (i))*	–	2,582	53	6,488	9,123
Directors:					
Dr. CHEN Yi *(note (ii))*	–	2,958	32	5,345	8,335
Mr. ZHOU Zhengqing *(note (iii))*	–	2,418	–	2,297	4,715
Dr. SHEN Yue *(note (iv))*	–	1,485	62	2,117	3,664
Ms. MIAO Jingwen *(note (v))*	–	–	–	–	–
Mr. LI Xianxian *(note (vii))*	–	–	–	–	–
Dr. YU Tao *(note (viii))*	–	–	–	–	–
Dr. WANG Steven Dasong *(note (ix))*	–	–	–	–	–
Total	–	9,443	147	16,247	25,837

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the year ended December 31, 2025.

Notes:

(i) Dr. Fenlai TAN was appointed as a director with effect from October 29, 2021 and re-designated as an executive director on September 23, 2025.

(ii) Dr. CHEN Yi was appointed as a director on June 8, 2022 and re-designated as an executive director on September 23, 2025.

(iii) Mr. ZHOU Zhengqing was appointed as a director on June 8, 2022 and re-designated as an executive director on September 23, 2025.

(iv) Dr. SHEN Yue was appointed as a director on June 8, 2022 and re-designated as an executive director on September 23, 2025.

(v) Ms. MIAO Jingwen was appointed as a director of the Company with effect from June 2022 and resigned in October 2025.

(vi) Mr. JIN Jiaqi was appointed as a director of the Company with effect from June 2022 and resigned in June 2024.

(vii) Mr. LI Xianxian was appointed as a director on September 30, 2022 and re-designated as a non-executive director on September 23, 2025.

(viii) Dr. YU Tao was appointed as a director on June 13, 2024 and re-designated as a non-executive director on September 23, 2025.

(ix) Dr. WANG Steven Dasong was appointed as a director on October 4, 2025 and re-designated as a non-executive director on October 4, 2025.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2024 and 2025 included three and four directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,776	1,543
Share-based payment expenses	2,246	1,604
Total	6,022	3,147

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

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
HK$3,000,001 to HK$3,500,000	2	1

11. INCOME TAX

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

Cayman Islands/BVI

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and the subsidiaries of the Group incorporated therein are not subject to any income tax in the Cayman Islands and the BVI.

USA

The subsidiary incorporated in California, USA, is subject to statutory United States federal corporate income tax at a rate of 21%. It was also subject to the state income tax in California at a rate of 8.84% during the reporting period.

The Company was initially incorporated in Delaware, USA, and subsequently redomiciled to the Cayman Islands. For United States tax purposes, the Company is also treated as a USA domestic entity. As a result, both the Company and its subsidiaries within the Group are also subject to United States taxation.

Hong Kong

The first HK$2,000,000 of assessable profits of the Group's Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No provision for Hong Kong profits tax has been made as the Group has no assessable profits derived from or earned in Hong Kong during the Relevant Periods and the year ended December 31, 2025.

Chinese Mainland

The provision for corporate income tax in Chinese Mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

Guangzhou Lupeng was qualified as a High and New Technology Enterprise and enjoyed a preferential income tax rate of 15% from 2023 to 2025.

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

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(3,385)	(207,378)
Tax charge at the applicable tax rate	(948)	(58,066)
Effect of different tax rates enacted by local authorities	13,833	7,302
Deductible temporary difference and tax losses not recognised	27,203	24,834
Income not subject to tax	(44,769)	–
Expenses not deductible for tax	4,681	25,930
Tax charge at the Group's effective rate	–	–

The Group had accumulated tax losses of US$18,876,000 (equivalent to RMB134,337,000), US$25,631,000 (equivalent to RMB182,877,000) in aggregate as at December 31, 2024 and December 31, 2025, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognised in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the foreseeable future to utilise such tax losses.

12. DIVIDENDS

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

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

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

The weighted average number of ordinary shares used in the calculation of the diluted loss per share amounts is the number of ordinary shares outstanding during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Adjustment has been made to the basic loss per share amounts presented for the year ended as the preferred shares had dilutive effect on the basic loss per share amounts presented.

No adjustment has been made to the basic loss per share amounts presented for the year ended December 31, 2025 as the preferred shares had anti-dilutive effect on the basic loss per share amounts presented.

The calculation of the basic loss per share amounts didn't consider the subdivision of the ordinary shares by the Company, where the Company subdivided its ordinary share from one share of US$0.00001 each into five shares of US$0.000002 each, which will become effective upon the conditions of the [**REDACTED**] being fulfilled.

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

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the company	(3,385)	(207,378)
Less: fair value changes on preferred shares	159,889	(73,896)
Loss attributable to ordinary equity holders of the Company, as used in the diluted loss per share calculation	(163,274)	(133,482)

	Year ended December 31, 2024	Year ended December 31, 2025
	Number of Shares	*Number of Shares*
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	3,890,917	3,890,917
Effect of dilution – weighted average number of ordinary shares:		
Preferred shares	13,002,458	14,819,763

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB	*RMB*
Loss per share attributable to ordinary equity holders of the company		
Basic	(0.87)	(53.30)
Diluted	(9.66)	(53.30)

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Office equipment	Laboratory equipment	Transportation equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
At January 1, 2024:					
Cost	2,956	1,453	18,947	120	23,476
Accumulated depreciation	(2,124)	(937)	(9,730)	(120)	(12,911)
Net carrying amount	832	516	9,217	–	10,565
At January 1, 2024, net of accumulated depreciation	832	516	9,217	–	10,565
Additions	262	–	(175)	–	87
Depreciation provided during the year	(871)	(161)	(3,553)	–	(4,585)
Disposals	–	–	(10)	–	(10)
Exchange realignment	–	4	–	–	4
At December 31, 2024, net of accumulated depreciation	223	359	5,479	–	6,061
At December 31, 2024:					
Cost	3,218	1,457	18,762	120	23,557
Accumulated depreciation	(2,995)	(1,098)	(13,283)	(120)	(17,496)
Net carrying amount	223	359	5,479	–	6,061

	Leasehold improvements	Office equipment	Laboratory equipment	Transportation equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
At January 1, 2025:					
Cost	3,218	1,457	18,762	120	23,557
Accumulated depreciation	(2,995)	(1,098)	(13,283)	(120)	(17,496)
Net carrying amount	223	359	5,479	–	6,061
At January 1, 2025, net of accumulated depreciation	223	359	5,479	–	6,061
Additions	51	15	448	–	514
Depreciation provided during the year	(274)	(178)	(3,128)	–	(3,580)
At December 31, 2025, net of accumulated depreciation	–	196	2,799	–	2,995

	Leasehold improvements	Office equipment	Laboratory equipment	Transportation equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2025:					
Cost	3,269	1,472	19,210	120	24,071
Accumulated depreciation	(3,269)	(1,276)	(16,411)	(120)	(21,076)
Net carrying amount	–	196	2,799	–	2,995

15. INTANGIBLE ASSETS

	Software
	RMB'000
As at December 31, 2024	
At January 1, 2024:	
Cost	78
Accumulated amortisation	(21)
Net carrying amount	57
At January 1, 2024, net of accumulated amortisation	57
Amortisation provided during the year	(8)
At December 31, 2024, net of accumulated amortisation	49
At December 31, 2024:	
Cost	78
Accumulated amortisation	(29)
Net carrying amount	49
As at December 31, 2025	
At January 1, 2025:	
Cost	78
Accumulated amortisation	(29)
Net carrying amount	49
At January 1, 2025, net of accumulated amortisation	49
Amortisation provided during the year	(7)
At December 31, 2025, net of accumulated amortisation	42
At December 31, 2025:	
Cost	78
Accumulated amortisation	(36)
Net carrying amount	42

16. LEASES

The Group as a lessee

The Group has lease contracts for various items including several buildings used as its office and laboratory. Leases of office and laboratory premises generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Office and laboratory
	RMB'000
As at January 1, 2024	2,580
Additions	1,709
Depreciation charge	(2,302)
Lease termination	(1,042)
Exchange realignment	5
As at December 31, 2024	950

	Office and laboratory
	RMB'000
As at January 1, 2025	950
Additions	3,842
Depreciation charge	(1,661)
Lease termination	(457)
As at December 31, 2025	2,674

(b) Lease liabilities

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

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at beginning of year	2,805	842
Additions	1,709	3,842
Lease termination	(1,145)	(435)
Accretion of interest recognised during the year	62	44
Lease payment	(2,595)	(1,749)
Exchange realignment	6	–
Carrying amount at end of year	842	2,544
Analysed into:		
Current	842	1,961
Non-current	–	583
Total	842	2,544

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

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Interest on lease liabilities	62	44
(Gain)/loss on lease termination	(103)	22
Depreciation charge of right-of-use assets	2,302	1,661
Total amount recognised in profit or loss	2,261	1,727

(d) The total cash outflow for leases is disclosed in note 30 to the Historical Financial Information.

17. OTHER NON-CURRENT ASSETS

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Value-added tax recoverable	11,910	13,913
Deposits	905	1,068
Total	12,815	14,981

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Prepayments	7,891	11,869
Other receivables	336	50
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long aged balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its prepayments and other receivable balances.

Other receivables had no historical default. The financial assets included in the above balances relating to receivables were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss for other receivables was minimal.

19. CASH AND BANK BALANCES AND RESTRICTED BANK BALANCES

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	105,833	681,732
Denominated in:		
RMB	81,624	238,083
US$	24,209	443,649
Total	105,833	681,732

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	26,409	442,668
Denominated in:		
RMB	13,229	46,499
US$	13,180	396,169
Total	26,409	442,668

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

20. TRADE PAYABLES

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

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	35,858	42,438
Over 1 year	228	1
Total	36,086	42,439

The trade payables are non-interest-bearing and are normally settled on terms of 1 to 3 months.

21. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Payroll payable	5,734	8,195
Payables for property, plant and equipment	35	–
Other tax payables	16	100
Other payables	982	1,086
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Other payables	518	508
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

Other payables are non-interest-bearing and repayable on demand.

22. CONTRACT LIABILITIES

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Amounts received in advance in relation to the licensing-out arrangement	27,208	–

23. INTEREST-BEARING BANK BORROWINGS

	As at December 31, 2024		
	Effective interest rate		
	(%)	*Maturity*	*RMB'000*
Unsecured bank loan	One-year Loan Prime Rate ("LPR") + 5bp	2025	7,508

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Analysed into:		
Bank loans repayable:		
Within one year	7,508	–

24. DEFERRED TAX

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at January 1, 2024	520
Credited to the consolidated statements of profit or loss and other comprehensive income	(342)
As at December 31, 2024	178
Charged to the consolidated statements of profit or loss and other comprehensive income	33
As at December 31, 2025	211

Deferred tax assets

	Tax losses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	40	480	520
Charged to the consolidated statements of profit or loss and other comprehensive income	(7)	(335)	(342)
As at December 31, 2024	33	145	178
(Charged)/credited to the consolidated statements of profit or loss and other comprehensive income	(26)	59	33
As at December 31, 2025	7	204	211

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

25. DEFERRED INCOME

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Government grant*	344	547
Analysed for reporting purposes as:		
Current liabilities	344	547

* Government grant related to the subsidies was received from the local government to support the Group's research and development activities with conditions to fulfil.

26. PREFERRED SHARES

From June 2022 to December 2025, the Company issued totally 22,465,793 preferred shares which included 1,129,620 Series Angel Preferred Shares, 3,765,403 Series Seed Preferred Shares, 140,599 Series A-1 Preferred Shares, 76,923 Series A-2 Preferred Shares, 1,923,077 Series A-3 Preferred Shares, 2,948,928 Series A+ Preferred Shares, 3,017,908 Series Pre-B Preferred Shares and 9,463,335 Series B Preferred Shares to the shareholders of the Company.

In December 2021, the Company sub-divided each issued and unissued share with a par value of US$0.01 each into 1,000 shares with a par value of US$0.00001 each with immediate effect.

Series Seed Preferred Shares, Series A Preferred Shares, Series A+ Preferred Shares, Series Pre-B Preferred Shares and Series B Preferred Shares are collectively referred to as "Preferred Shares".

The key terms of the Preferred Shares are summarised as follows:

(a) Conversion rights

The Preferred Shares can be converted into ordinary shares of the Company at the option of holders based on their then-effective conversion price. In connection with the Series B financing, a one-time adjustment is made to the initial conversion ratio of the Series Pre-B Preferred Shares to compensate for the dilution effect of the Series B financing on the Series Pre-B Preferred Shares, with the ratio for conversion of Series Pre-B Preferred Shares to ordinary shares adjusted from 1:1 to approximately 1:1.2185. The initial conversion ratio of other Preferred Shares shall be on a one for one basis, subject to certain anti-dilution adjustments, including share splits and consolidations, share dividends and distribution, reclassifications, exchanges and substitutions below the conversion price.

The Preferred Shares shall automatically be converted into ordinary shares upon the consummation of a qualified [**REDACTED**].

(b) Redemption features

Upon occurrence of the following events which cannot be controlled by the Company, the Shares shall be redeemable by the Company at the option of the holders of Series B Preferred Shares, Series Pre-B Preferred Shares, Series A+ Preferred Shares, Series A Preferred Shares and Series Seed Preferred Shares (the "Redemption Right Holder"):

(1) the Company has not consummated (i) a qualified [**REDACTED**] or (ii) a change of control where, with respect to any Redemption Right Holder, all of the Preferred Shares held by such Redemption Right Holder have been sold or transferred in such change of control, in each case on or prior to December 31, 2030;

(2) there is any material breach or violation of the provisions of the transaction documents in relation to such Preferred Shareholders' investment in the Group Companies by any of the Group Companies and Founder Parties ("Founder Parties" means, collectively, the founders of the Group (i.e., Dr. Fenlai TAN and Dr. CHEN Yi, (each a "Founder", and collectively, "the Founders")) and the holding entity of the founders (i.e., JinsTan Holdings Limited, Minsion LLC, Minyoung LLC, Amber Biopharma Science Holdings Limited and Vitalgene LLC) (each a "Founder Holdco" and collectively, collectively the "Founder Holdcos"));

(3) any Redemption Right Holder has duly requested a redemption of all or part of its Preferred Shares according to its legal and/or contractual rights;

(4) prior to the consummation of a qualified [**REDACTED**], (i) any Founder Party directly or indirectly sells, transfers, pledges, encumbers or otherwise disposes of any ordinary share, Series Angel Preferred Share or Series Seed Preferred Share held by such Founder Party in violation of the restrictions under the Shareholders Agreement and these Articles (other than a permitted transfer thereunder), or (ii) unless such Redemption Right Holder and the Requisite Preferred Holders otherwise consent in writing, any Founder voluntarily resigns the office of director or officer of, or terminates his employment with, any and all Group Companies.

The redemption price equal to the sum of (i) the applicable issue price for a Preferred Share; (ii) compound interest at the rate of eight percent (8%) per annum accruing from the date on which the purchase price for such Preferred Share being the subject of such redemption was received by the Company (or the applicable purchase price for the corresponding registered capital of the Guangzhou Lupeng prior to the restructuring of the Group contemplated under the Restructuring Agreement was received by Guangzhou Lupeng, as the case may be) through the date (inclusive) on which the Redemption Price is paid in full with respect to such Preferred Share; and (iii) any declared but unpaid dividends on such Preferred Share.

(c) Liquidation preferences

In the event of any liquidation or deemed liquidation event, holders of the Preferred Shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount equal to one hundred and twenty percent (120%) of the total series preferred shares issue price plus any dividends declared but unpaid thereon in the sequence as follows:

(1) Series B Preferred Shares

(2) Series Pre-B Preferred Shares

(3) Series A+ Preferred Shares

(4) Series A Preferred Shares

(5) Series Seed Preferred Shares

Presentation and classification

The Group and the Company have designated the Preferred Shares issued to investors as whole as financial liabilities carried at FVTPL. The change in fair value of the Preferred Shares is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the Preferred Shares attributable to changes of own credit risk is not significant.

The Preferred Shares were presented in current liabilities as at December 31, 2024 and 2025 as the Company would be requested to redeem the Preferred Shares upon occurrence of the events which cannot be controlled by the Company as detailed above.

The movements in Preferred Shares during the Relevant Periods are set out follows:

The Group and the Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Preferred Shares	936,713	1,730,120
Analysed for reporting purposes as:		
Current liabilities	936,713	1,730,120

The movements in Preferred Shares during the Relevant Periods are set out below:

The Group and the Company

	Convertible redeemable preferred shares	Loans with warrants to purchase preferred shares	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2024	1,096,602	–	1,096,602
Changes in fair value	(159,889)	–	(159,889)
As at December 31, 2024 and January 1, 2025	936,713	–	936,713
Issuance of convertible preferred shares	719,511	–	719,511
Addition to loans with warrants to purchase preferred shares	–	232,654	232,654
Repayments of loans with warrants to purchase preferred shares	–	(232,654)	(232,654)
Changes in fair value	73,896	–	73,896
As at December 31, 2025	1,730,120	–	1,730,120

Note: Prior to investing in the Company, onshore investors shall obtain requisite overseas direct investment approvals ("ODI approval"). In the Preferred Shares financing, prior to obtaining ODI approval, these onshore investors entered into initial investment agreements with the Group in 2025, whereby these onshore investors agreed to provide loans to Guangzhou Lupeng and Hangzhou Lupeng Pharma Tech Co., Ltd. (the "WFOE"), a subsidiary of the Company that was registered in PRC, and the Company agreed to issue Preferred Share Purchase Warrants (the "Warrants") to these investors. During November and December of 2025, these onshore investors had obtained ODI approval, the WFOE returned to these onshore investors the principal amounts of the initial investments, and such amount had been paid by these onshore investors to the Company as part of the purchase consideration for the Preferred Shares.

Key assumptions are set out below:

	As at December 31,	
	2024	2025
Risk-free interest rate	4.21%	3.48%
DLOM	13.26%	13.84%
Volatility	49.71%	64.23%

The Group estimated the risk-free interest rate based on the yield of the China Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the discounted cash flow method, the back-solve method and the equity allocation model. Under the discounted cash flow method, the back-solve method and the equity allocation model, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on recognised standard deviation of daily stock price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

As at December 31, 2025, 1,129,620 Series Angel Preferred Shares, 3,765,403 Seed Preferred Shares, 2,140,599 Series A Preferred Shares, 2,948,928 Series A+ Preferred Shares, 3,017,908 Series Pre-B Preferred Shares and 9,463,335 Series B Preferred Shares were in issue and will be automatically converted to ordinary shares upon [**REDACTED**].

27. SHARE CAPITAL

Authorised:

	As at December 31, 2024	As at December 31, 2025
	Number of shares authorised	*Number of shares authorised*
Ordinary shares of US$0.00001 each	4,986,997,542	4,977,534,207
Preferred Shares of US$0.00001 each	13,002,458	22,465,793
Total	5,000,000,000	5,000,000,000

Issued and fully paid:

	As at December 31, 2024 and December 31, 2025		
	Number of shares in issue	Share capital	
		US$'000	*RMB'000*
Ordinary shares of US$0.00001 each	3,890,917	1	1

All the numbers of shares of the Company presented in this note have not taken the share subdivision of the ordinary shares by the Company, where the Company subdivided its ordinary share from one share of US$0.00001 each into five shares of US$0.000002 each, which will become effective upon the conditions of the [**REDACTED**] being fulfilled.

28. RESERVES

The Group

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

Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the Historical Financial Information.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currencies are not RMB.

Other reserve

It represented the reserve arising from the Restructuring.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended December 31, 2024

	Share-based payment reserve	Exchange fluctuation reserve	Other reserve	(Accumulated losses)/retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	18,669	697	6	(14,437)	4,935
Profit for the year	–	–	–	158,801	158,801
Other comprehensive income for the year:					
Exchange differences	–	1,532	–	–	1,532
Total comprehensive income for the year	–	1,532	–	158,801	160,333
Share-based payment expenses	22,289	–	–	–	22,289
At December 31, 2024	40,958	2,229	6	144,364	187,557

Year ended December 31, 2025

	Share-based payment reserve	Exchange fluctuation reserve	Other reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	40,958	2,229	6	144,364	187,557
Loss for the year	–	–	–	(98,739)	(98,739)
Other comprehensive loss for the year:					
Exchange differences	–	(7,938)	–	–	(7,938)
Total comprehensive loss for the year	–	(7,938)	–	(98,739)	(106,677)
Share-based payment expenses	25,218	–	–	–	25,218
At December 31, 2025	66,176	(5,709)	6	45,625	106,098

29. SHARE-BASED PAYMENT

Employee incentive scheme

Pursuant to the written resolutions of the shareholders of the Company passed on November 16, 2022, the Company passed a resolution to adopt a share incentive plan (the "2022 Employee Incentive Scheme") in order to attract and retain eligible participants for the continual operation and development of the Group.

During the Relevant Periods, 1,635,062 share options ("Batch 2023"), 26,325 share options ("Batch 2024") and 343,181 share options ("Batch 2025") were granted to certain employees and consultants of the Group.

Subject to the satisfaction of the [**REDACTED**] condition and the service condition that share option shall vest over a five-year terms. 20% of the options granted under the 2022 Employee Incentive Scheme will vest on the 1st anniversary of the start date stipulated in the grant letter signed between the Company and grantees. Each 20% of the options granted under the 2022 Employee Incentive Scheme will vest at each successive anniversary following the 1st anniversary of the start date until the 5th anniversary of the start date, consisting of a cliff vesting of 20% of the share options on the one-year anniversary of the vesting commencement date and a vesting of 1/60th of the share options upon each successive monthly anniversary for the next 48 months following such one-year anniversary. As for Batch 2023 and Batch 2024, in addition to time-based vesting condition, the number of share options which shall vest also depends on the specific performance target. The exercisable period of the share options will be expired after ten years from the vesting commencement date. In October 2025, the Company amended the vesting exercises price of the share options of certain employees and consultants of the Group of Batch 2023 and Batch 2024, which was a modification to the terms and conditions on which the share options were granted and increased the total fair value of those options amounting to RMB10,882,000.

The Group recognised equity-settled share option expenses based on the estimated grant date fair value for employees using the binominal model on a straight-line basis over the requisite service period of the share options. The recognised equity-settled share option expenses are included in research and development costs and administrative expenses in the accompanying consolidated statements of profit or loss and other comprehensive income for the Relevant Periods.

In October 2025, the Company reduced the vesting exercise price of the share options of certain employees and consultants of the Group of Batch 2023 and Batch 2024, which was a modification to the terms and conditions on which the share options were granted or were otherwise beneficial to the employee that would increase the total fair value of those options. The incremental fair value amounting to RMB10,882,000 of the equity instruments granted measured at the date of modification was recognised over the period from the date of modification to the date of vesting for the modified instruments, in addition to the original fair value amount of the equity instruments based on the grant date.

The following share options were outstanding under the 2022 Employee Incentive Scheme during the Relevant Periods:

	As at December 31,	
	2024	2025
	Number of options	*Number of options*
At beginning of the year	1,634,099	1,644,059
Granted during the year	26,325	343,181
Forfeited during the year	(16,365)	(79,900)
At end of the year	1,644,059	1,907,340

The exercise prices and the fair values of the share options outstanding as at the end of the Relevant Periods are as follows:

	Number of options	Exercise price	Fair values of the share options at grant date
		US$ per share	*US$ per share*
As at December 31, 2024			
Batch 2023	1,619,660	0.18-2.71	6.3445-7.8371
Batch 2024	24,399	2.71	4.6781-5.1375
Total	1,644,059		
As at December 31, 2025			
Batch 2023	1,540,723	0.01-2.71	6.3856-8.2091
Batch 2024	23,436	0.50	6.1366-6.1910
Batch 2025	343,181	0.10-0.70	5.3296-5.8422
Total	1,907,340		

During the years ended December 31, 2024 and 2025, share-based payment compensation expenses of RMB22,289,000, RMB25,218,000 were charged to profit or loss.

The fair values of equity-settled share options granted during the year were estimated as at the dates of grant using a binominal model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Batch 2023	Batch 2024	Batch 2025
Risk-free interest rate	4.01%	4.47%	4.05%
Volatility	60.63%	58.34%	58.70%
Multiple	2.2-2.8	2.2	2.2-2.8

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,709,000, and RMB3,842,000, respectively, in respect of lease arrangements for office and laboratory.

(b) Changes in liabilities arising from financing activities

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

	Preferred shares	Interest-bearing bank borrowings	Lease liabilities	Accrued [REDACTED] expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	1,096,602	8,510	2,805	**[REDACTED]**	**[REDACTED]**
Changes from financing cash flows	–	(1,279)	(2,595)	**[REDACTED]**	**[REDACTED]**
Changes from non-financing cash flows	–	–	–	**[REDACTED]**	**[REDACTED]**
Increase in [**REDACTED**] expenses	–	–	–	**[REDACTED]**	**[REDACTED]**
Exchange differences	–	–	6	**[REDACTED]**	**[REDACTED]**
New lease arrangements	–	–	1,709	**[REDACTED]**	**[REDACTED]**
Lease termination	–	–	(1,145)	**[REDACTED]**	**[REDACTED]**
Changes in fair value	(159,889)	–	–	**[REDACTED]**	**[REDACTED]**
Accretion of interest	–	277	62	**[REDACTED]**	**[REDACTED]**
At December 31, 2024 and January 1, 2025	936,713	7,508	842	**[REDACTED]**	**[REDACTED]**
Changes from financing cash flows	719,511	(7,798)	(1,749)	**[REDACTED]**	**[REDACTED]**
Changes from non-financing cash flows	–	–	–	**[REDACTED]**	**[REDACTED]**
Increase in [**REDACTED**] expenses	–	–	–	**[REDACTED]**	**[REDACTED]**
Increase in deferred [**REDACTED**] expenses	–	–	–	**[REDACTED]**	**[REDACTED]**

	Preferred shares	Interest-bearing bank borrowings	Lease liabilities	Accrued [REDACTED] expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
New lease arrangements	–	–	3,842	**[REDACTED]**	**[REDACTED]**
Lease termination	–	–	(435)	**[REDACTED]**	**[REDACTED]**
Changes in fair value	73,896	–	–	**[REDACTED]**	**[REDACTED]**
Accretion of interest	–	290	44	**[REDACTED]**	**[REDACTED]**
At December 31, 2025	1,730,120	–	2,544	**[REDACTED]**	**[REDACTED]**

(c) Total cash outflows of leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Within financing activities	2,595	1,749

31. COMMITMENTS

The Group had no significant capital commitments at the end of each of the Relevant Periods.

32. RELATED PARTY TRANSACTIONS

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

(a) Name and relationships of the related parties:

Name	Relationship
Dr. Fenlai TAN	Director
Dr. CHEN Yi	Director
Ms. Xiang LI	Spouse of a director

(b) Outstanding balances with related parties:

The Group

		As at December 31,	
		2024	2025
		RMB'000	*RMB'000*
Amounts due from related parties:			
Dr. Fenlai TAN	non-trade	543	543
Dr. CHEN Yi	non-trade	236	236
Ms. Xiang LI	non-trade	44	44
Total		823	823

Amounts due from Dr. Fenlai TAN, Dr. CHEN Yi, and Ms. Xiang LI are unsecured, interest-free and repayable on demand. The balances will be settled prior to the [**REDACTED**].

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

The Company

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Amounts due from subsidiaries:		
Shanghai Lupeng	10	–
Newave	57,593	56,314
Lupeng BVI	2	2
Total	57,605	56,316
Amounts due to subsidiaries:		
Guangzhou Lupeng	11	11

Amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

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

	Year ended December 31,	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	15,624	17,463
Pension scheme contributions	382	442
Share-based payment expenses	18,355	22,558
Total	34,361	40,463

Further details of directors' and the chief executive's remuneration are included in note 9 to the Historical Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

	As at December 31,	
	2024	2025
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost:		
Financial assets included in prepayments, other receivables and other assets	336	50
Amounts due from related parties	823	823
Financial assets included in other non-current assets	905	1,068
Cash and bank balances	105,833	681,732
Total	107,897	683,673
Financial liabilities		
Financial liabilities at FVTPL:		
Preferred shares	936,713	1,730,120
Financial liabilities at amortised cost:		
Trade payables	36,086	42,439
Financial liabilities included in other payables and accruals	1,017	1,086
Interest-bearing bank borrowings	7,508	–
Total	44,611	43,525

Management has assessed that the fair values of cash and cash balances, financial assets included in prepayments and other receivables, amounts due from related parties, financial assets included in other non-current assets, trade payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial 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 fair values of the preferred shares measured at FVTPL are determined using the discounted cash flow method, the back-solve method and the equity allocation model. Further details are set out in note 26 to the Historical Financial Information.

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

Financial liabilities at FVTPL:

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Preferred Shares	–	–	936,713	936,713

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Preferred Shares	–	–	1,730,120	1,730,120

Financial instruments in Level 3

Further details of preferred shares are included in note 26 to the Historical Financial Information.

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

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

As at December 31, 2024:

	Valuation techniques	Significant unobservable inputs	Weighted average	Sensitivity of fair value to the input
Preferred Shares	Discounted cash flow method, back-solve method and equity allocation model	Risk-free interest rate	4.21%	1% increase/decrease in risk-free interest rate would result in decrease/increase fair value by RMB(378,000)/ RMB190,000
		DLOM	13.26%	1% increase/decrease in DLOM would result in decrease/ increase in fair value by RMB(1,470,000)/ RMB1,470,000
		Volatility	49.71%	1% increase/decrease in volatility would result in decrease/increase fair value by RMB(264,000)/ RMB139,000

As at December 31, 2025:

	Valuation techniques	Significant unobservable inputs	Weighted average	Sensitivity of fair value to the input
Preferred Shares	Discounted cash flow method, back-solve method and equity allocation model	Risk-free interest rate	3.48%	1% increase/decrease in risk-free interest rate would result in decrease/increase fair value by RMB(170,000)/ RMB61,000
		DLOM	13.84%	1% increase/decrease in DLOM would result in decrease/ increase in fair value by RMB(2,834,000)/ RMB2,834,000
		Volatility	64.23%	1% increase/decrease in volatility would result in decrease/increase fair value by RMB(154,000)/ RMB14,000

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, interest-bearing bank borrowings and preferred shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade 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

Certain bank balances and financial liabilities at FVTPL denominated in foreign currency of respective group entities expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in RMB/US$ exchange rate, with all other variables held constant, of the Group's loss/profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in loss/profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
December 31, 2024			
If RMB weakens against the US$	5	1,210	1,029
If RMB strengthens against the US$	(5)	(1,210)	(1,029)
December 31, 2025			
If RMB weakens against the US$	5	22,182	18,855
If RMB strengthens against the US$	(5)	(22,182)	(18,855)

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents 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.

For other receivables and other assets, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

Thus, a 12-month expected credit loss approach that results from possible default event within 12 months from each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables and other non-current assets was recognised.

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the numbers of days past due. As at December 31, 2024 and 2025, the Group has assessed that the expected loss rate for other receivables was immaterial. Thus no loss allowance provision for other receivables was recognised as at December 31, 2024 and 2025.

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:

As at December 31, 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	36,086	–	36,086
Financial liabilities included in other payables and accruals	1,017	–	1,017
Lease liabilities	1,172	–	1,172
Preferred Shares	–	936,713	936,713
Interest-bearing bank borrowings	7,508	–	7,508
Total	45,783	936,713	982,496

As at December 31, 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	42,439	–	42,439
Financial liabilities included in other payables and accruals	1,086	–	1,086
Lease liabilities	2,013	637	2,650
Preferred Shares	–	1,730,120	1,730,120
Total	45,538	1,730,757	1,776,295

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's abilities 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 return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital as at the end of each of the Relevant Periods.

36. EVENT AFTER THE RELEVANT PERIOD

No significant events of the Group occurred after December 31, 2025.

37. 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 December 31, 2025.