The following is the text of a report set out on pages I-1 to I-[●], received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU ZHIYI BIOTECHNOLOGY CO., LTD. AND SDIC SECURITIES CORPORATE FINANCE (HONG KONG) LIMITED AND CHINA INDUSTRIAL SECURITIES INTERNATIONAL CAPITAL LIMITED

Introduction

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

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 and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at December 31, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 24(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	*RMB'000*
Revenue	*4(a)*	721	2,407
Cost of revenue		(423)	(2,176)
Gross Profit		298	231
Other net income	*5*	23,267	9,455
Selling and distribution expenses		(32)	(875)
General and administrative expenses		(19,307)	(15,838)
Research and development expenses	*6(c)*	(67,570)	(61,941)
Credit loss on trade and other receivables		(145)	(5)
Loss from operations		(63,489)	(68,973)
Finance costs	*6(a)*	(509)	(420)
Loss before taxation		(63,998)	(69,393)
Income tax expense	*7*	–	–
Loss and total comprehensive income for the year		(63,998)	(69,393)
Attributable to:			
Equity shareholders of the Company		(63,998)	(69,393)
Loss per share			
Basic and diluted (RMB)	*10*	(2.33)	(2.47)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at December 31, 2024	As at December 31, 2025
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*11*	25,157	17,049
Right-of-use assets	*12*	9,764	6,038
Intangible assets		173	105
Prepayments	*16*	127	–
		35,221	23,192
Current assets			
Inventories and contract costs	*14*	2,351	4,861
Trade receivables	*15*	18	19
Prepayments and other receivables	*16*	17,304	4,206
Other investments	*17*	10,008	–
Cash and cash equivalents	*18*	92,353	74,081
		122,034	83,167
Current liabilities			
Trade and other payables	*19*	11,855	16,603
Contract liabilities	*4(d)*	1,419	5,298
Bank loan	*20*	2,002	–
Lease liabilities	*22*	4,466	2,770
		19,742	24,671
Net current assets		102,292	58,496
Total assets less current liabilities		137,513	81,688
Non-current liabilities			
Deferred income	*21*	3,146	2,952
Lease liabilities	*22*	6,625	4,072
		9,771	7,024
NET ASSETS		127,742	74,664
CAPITAL AND RESERVES			
Paid-in/share capital	*24*	30,104	30,104
Reserves		97,638	44,560
TOTAL EQUITY		127,742	74,664

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at December 31, 2024	As at December 31, 2025
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*11*	20,296	13,874
Right-of-use assets	*12*	4,158	5,294
Intangible assets		173	105
Interests in subsidiaries	*13*	40,652	41,007
		65,279	60,280
Current assets			
Inventories and contract costs	*14*	1,493	3,654
Trade receivables	*15*	18	19
Prepayments and other receivables	*16*	16,768	5,058
Other investments	*17*	10,008	–
Cash and cash equivalents	*18*	72,431	57,889
		100,718	66,620
Current liabilities			
Trade and other payables	*19*	8,390	11,786
Contract liabilities	*4(d)*	439	4,450
Bank loan	*20*	2,002	–
Lease liabilities	*22*	2,600	1,938
		13,431	18,174
Net current assets		87,287	48,446
Total assets less current liabilities		152,566	108,726
Non-current liabilities			
Deferred income	*21*	605	1,390
Lease liabilities	*22*	2,373	4,044
		2,978	5,434
NET ASSETS		149,588	103,292
CAPITAL AND RESERVES			
Paid-in/share capital	*24*	30,104	30,104
Reserves	*24*	119,484	73,188
TOTAL EQUITY		149,588	103,292

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Paid-in capital	Share capital	Capital reserve	Equity interests held for employee incentive scheme	Shares held for employee incentive scheme	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 *note 24(b)*	*RMB'000* *note 24(c)*	*RMB'000* *note 24(e)*	*RMB'000* *note 24(f)*	*RMB'000* *note 24(f)*	*RMB'000* *note 24(g)*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	27,553	–	358,797	(800)	–	11,033	(296,456)	100,127
Changes in equity for 2024:								
Total comprehensive income	–	–	–	–	–	–	(63,998)	(63,998)
Capital contributions by investors *(note 24(a))*	1,683	–	75,317	–	–	–	–	77,000
Subscription of restricted equity interests under employee incentive scheme *(note 23)*	868	–	1,757	(3,750)	–	–	–	(1,125)
Equity-settled share-based transactions *(note 23)*	–	–	–	–	–	15,738	–	15,738
Balance at December 31, 2024 and January 1, 2025	30,104	–	435,871	(4,550)	–	26,771	(360,454)	127,742
Changes in equity for 2025:								
Total comprehensive income	–	–	–	–	–	–	(69,393)	(69,393)
Equity-settled share-based transactions *(note 23)*	–	–	–	–	–	16,315	–	16,315
Conversion into a joint stock limited liability company *(note 24(c))*	(30,104)	30,104	(364,700)	4,550	(4,550)	–	364,700	–
Balance at December 31, 2025	–	30,104	71,171	–	(4,550)	43,086	(65,147)	74,664

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Renminbi)

	Note	**Year ended December 31, 2024**	**Year ended December 31, 2025**
		RMB'000	*RMB'000*
Operating activities			
Cash used in operations	*18(b)*	(45,013)	(22,676)
Income tax paid		–	–
Net cash used in operating activities		(45,013)	(22,676)
Investing activities			
Interest received		245	247
Payments for purchase of property, plant and equipment		(399)	(520)
Proceeds from sale of property, plant and equipment		178	–
Payments for purchase of other investments		(360,000)	(218,000)
Proceeds from sale of other investments		381,343	228,748
Net cash generated from investing activities		21,367	10,475
Financing activities			
Capital element of rental paid	*18(c)*	(3,476)	(3,649)
Interest element of rental paid	*18(c)*	(476)	(388)
Capital contributions by investors	*24(a)*	77,000	–
Proceeds from subscription of restricted equity interests under employee incentive scheme	*24(a)*	2,625	–
Proceeds from bank loan	*18(c)*	2,000	–
Repayments of bank loan	*18(c)*	–	(2,000)
Interest paid	*18(c)*	(31)	(34)
Net cash generated from/(used in) financing activities		77,642	(6,071)
Net increase/(decrease) in cash and cash equivalents		53,996	(18,272)
Cash and cash equivalents at the beginning of the year	*18(a)*	38,357	92,353
Cash and cash equivalents at the end of the year	*18(a)*	92,353	74,081

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Guangzhou Zhiyi Biotechnology Co., Ltd. (the "**Company**") (廣州知易生物科技股份有限公司) was established in Guangzhou, Guangdong Province, People's Republic of China (the "**PRC**") on September 17, 2013 as a company with limited liability. The Company was converted from a company with limited liability into a joint stock company with limited liability in July 2025.

During the Track Record Period, the Company and its subsidiaries (together, "**the Group**") are principally engaged in research and development of live biotherapeutic products ("**LBPs**") and next-generation probiotics ("**NGPs**"), and manufacturing and sales of NGP raw material products.

The financial statements of the Company for the years ended December 31, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch (立信會計師事務所(特殊普通合夥)廣東分所).

During the Track Record Period and as at the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies with limited liabilities:

Company name	Place of operation and date of incorporation/ establishment	Registered capital	Paid-up capital	Percentage of equity attributable to the Company			Principal activities
				As at December 31,		At the date of this report	
				2024	*2025*		
Guangzhou Proforcare Pharmaceutical Inc *(notes (i) (ii))* (廣州普維君健藥業有限公司)	PRC September 26, 2016	RMB42,784,884	RMB42,784,884	100.0%	100.0%	100.0%	Manufacturing and sales of NGP raw material products
Shijiazhuang Puwei Biotechnology Co., Ltd. *(notes (i) (ii))* (石家莊普維生物科技有限公司)	PRC July 27, 2020	RMB1,428,600	RMB1,428,600	100.0%	100.0%	100.0%	Research and development of LBPs and NGPs

Notes:

(i) The English translation of these entities is for reference only. The official names of the entities established in the PRC are in Chinese.

(ii) The financial statements of these entities for the years ended December 31, 2024 and 2025 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch (立信會計師事務所(特殊普通合夥)廣東分所).

All companies comprising the Group have adopted December 31 as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on January 1, 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period beginning on January 1, 2025 are set out in note 29.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the assets are stated at their fair value as explained in the accounting policies as set out in note 2(d).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(d)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(d) Other investments

Other investments are classified as measured at fair value through profit or loss ("**FVPL**"). Changes in the fair value of the investments are recognized in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognized in profit or loss as follows:

Machinery	3-10 years
Office equipment and furniture	3-5 years
Leasehold improvements	4-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognized in profit or loss as incurred. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and any accumulated impairment losses (see note 2(h)(ii)).

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over the assets' estimated useful lives, if any, and is generally recognized in profit and loss. The useful lives of intangible assets are determined based on factors such as the technological obsolescence.

The estimated useful lives for the Track Record Period are as follows:

Software	3-5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)). Depreciation is calculated to write off the cost of items of right-of-use assets, using the straight-line method over the depreciation period, which is the earlier of the estimated useful lives or lease terms.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses ("**ECLs**") on the financial assets measured at amortized cost (including cash and cash equivalents and trade and other receivables).

Other financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from possible default events within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill, if any, is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination, if any, is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, if any, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(i) Inventories and contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or materials and supplies to be consumed in the production and research and development process or in the rendering of services.

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or the replacement costs for materials or supplies to be consumed in research and development process.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(ii) Contract costs

Contract costs are the costs to fulfil a contract with a customer which are not capitalized as inventory (see note 2(i)(i)), property, plant and equipment (see note 2(e)) or intangible assets (see note 2(f)).

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses.

(j) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(q)). A contract liability is also recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such latter cases, a corresponding receivable is also recognized (see note 2(k)). For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(k) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. All receivables are subsequently stated at amortized cost (see note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(h)(i)).

(m) Trade and other payables

Trade and other payables are initially recognized at fair value. Subsequent to initial recognition, trade and other payables are stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with the Group's accounting policy for borrowing costs (see note 2(r)).

(o) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related services is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the equity allocation method, of which underlying equity value is measured using the discounted cash flow method, taking into account any transfer restrictions imposed on the vested equity instruments or using comparable transaction approach with reference to the subscription prices at the Company's most recent fundraising transactions. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

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

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill, if any.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the asset can be used. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing taxable temporary differences, are considered, based on the business plans for individual subsidiaries in the Group.

In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

(q) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the sale of goods in the ordinary course of the Group's business.

Revenue is recognized when control over the service or good is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. In particular, revenue excludes value added tax and is after deduction of any trade discounts.

Further details of the Group's income recognition policies are as follows:

(i) Revenue from provision of research and development services

For provision of research and development services, contracts with customers may contain more than one performance obligations. For such arrangements, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Revenue is recognized at the allocated amounts at a point in time upon satisfaction of the individual performance obligations.

(ii) Sales of products

Revenue arising from the sale of goods is recognized when control of the goods has transferred according to respective agreed terms of delivery.

(iii) Interest income

Interest income is recognized as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other net income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognized as deferred income and subsequently recognized as other net income in profit or loss over the useful life of the assets.

(r) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of services and goods, the type or class of customers, the methods used to provide the services or distribute the products, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Research and development expenses

Development expenses incurred are capitalized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the research and development and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalization. All development expenses were expensed when incurred during the Track Record Period.

(b) Sources of estimation uncertainty

Note 23 contain information about the assumptions and risk factors relating to equity settled share-based transactions. Other significant sources of estimation uncertainty are as follows:

Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and deductible temporary differences can only be recognized to the extent that it is probable that future taxable profits will be available against which the tax losses and deductible temporary differences can be utilized. Therefore, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are research and development of LBPs and NGPs and manufacturing and sales of NGP raw material products. During the Track Record Period, the Group's revenue was mainly derived from providing research and development services to customers and sales of NGP raw material products.

(a) Disaggregation of revenue

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products/service lines		
Revenue from provision of research and development services	391	1,881
Sales of NGP raw material products	330	526
	721	2,407
Timing of revenue recognition		
Point in time	721	2,407

(b) Revenue expected to be recognized in the future arising from contracts with customers in existence at the reporting date

As at December 31, 2024 and December 31, 2025, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contract are RMB15,094,000 and RMB9,434,000, which is expected to occur over the next 12 to 24 months.

The above amount does not include any amounts of milestone payments that the Group may earn in the future by meeting the conditions set out in the Group's existing contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

The Group has also applied the practical expedient in paragraph 121 (a) of IFRS 15 to its sales contracts for NGP raw material products and other research and development services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of NGP raw material products and research and development services that had an original expected duration of one year or less.

(c) Information about major customers

Revenue from customers with whom transactions have exceeded 10% of the Group's total revenue during the Track Record Period, including sales to entities which are known to the Group to be under common control with single customer, are as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Customer A	330	594
Customer B	264	500
Customer C	–	611
Customer D	–	306

(d) Contract liabilities

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
At January 1	–	1,419
Advances from customers	1,419	4,719
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	–	(840)
At December 31	1,419	5,298

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
At January 1	–	439
Advances from customers	439	4,450
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the year	–	(439)
At December 31	439	4,450

All the contract liabilities are expected to be recognized as income within one year.

(e) Segment reporting

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

(f) Geographic information

The Group generated all of its revenue in the PRC and its non-current assets are all located in the PRC, and accordingly, no analysis of geographic information is presented.

5 OTHER NET INCOME

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Government grants (including amortization of deferred income) *(i)*	21,970	8,164
Investment income from other investments	1,341	740
Losses on disposal of property, plant and equipment	(115)	(10)
Gain relating to cancellation of lease contract	–	313
Interest income from bank deposits	245	247
Others	(174)	1
	23,267	9,455

(i) Government grants represent cash awards granted to the Group by the local government authorities in the PRC. Government grants mainly include subsidies for (i) compensation on research and development expenses; (ii) compensation on capital expenditure relating to production and research equipment; (iii) incentives of research and development activities.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Interests on bank loan	33	32
Interests on lease liabilities	476	388
	509	420

(b) Staff costs

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Salaries, allowances and other benefits	21,520	16,996
Contributions to defined contribution retirement plan *(i)*	1,206	1,552
Equity-settled share-based payment expenses *(note 23)*	15,738	16,315
	38,464	34,863

(i) Employees of the Company and its subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government.

The Company and its subsidiaries are required to contribute to the schemes during the Track Record Period to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of pension benefits beyond those schemes described above.

(c) Other items

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Amortization of intangible assets	53	68
Depreciation		
– Property, plant and equipment *(note 11)*	9,344	8,745
– Right-of-use assets *(note 12)*	3,565	3,439
	12,909	12,184

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Research and development expenses *(i)*	67,570	61,941
Cost of inventories sold *(note 14)*	95	351
Auditors' remuneration	43	173

(i) During the Track Record Period, research and development expenses include staff costs and depreciation and amortization expenses of RMB37,227,000 and RMB33,147,000 respectively, which are also included in the respective total amounts disclosed separately above.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Loss before taxation	(63,998)	(69,393)
Notional tax on profit before taxation, calculated at PRC statutory tax rate	(16,000)	(17,348)
Effect of preferential income tax rates of certain subsidiaries	1,369	1,358
Tax effect of additional deduction on research and development expenses *(ii)*	(11,587)	(9,772)
Tax effect of non-deductible expenses	3,948	4,072
Tax effect of tax losses and temporary differences not recognized	22,270	21,690
Actual income tax expense	–	–

(i) Under the PRC Corporate Income Tax Law, the Company and its subsidiaries established and operated in Chinese Mainland are subject to statutory tax rate of 25%, unless otherwise specified below.

Certain subsidiaries in the PRC fulfilled the criteria for small and low profit-making enterprise and were entitled to a preferential income tax rate of 5% on the first RMB 3 million taxable income for the years ended December 31, 2024 and 2025.

(ii) An additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income under the PRC Corporate Income Tax Law and relevant regulations.

(b) Deferred tax assets not recognized

In accordance with the accounting policy set out in note 2(p), the Group has not recognized deferred tax assets in respect of the following items as it is not probable that future taxable profits against which the losses or temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Cumulated tax losses	535,134	623,760
Deductible temporary differences	4,489	3,815
	539,623	627,575

The expiration dates of the Group's unrecognized deferred tax assets in respect of cumulative tax losses is set out below:

	Cumulated tax losses	Expiration date
	RMB'000	
As at December 31, 2024	535,134	2025-2034
As at December 31, 2025	623,760	2026-2035

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments of the directors and supervisors of the Company during the Track Record Period are as follows:

For the year ended December 31, 2024	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Zhi Fachao	–	–	–	–	–	–	–
Mr. Wang Ye	–	731	271	10	1,012	3,835	4,847
Mr. Liu Yangyang *(ii)*	–	689	298	28	1,015	5,118	6,133
Ms. Li Xuexiang	–	–	–	–	–	–	–
Mr. Zhang Yibo	–	–	–	–	–	–	–
Mr. Lin Yunyu	–	–	–	–	–	–	–
Mr. Cao Da	–	–	–	–	–	–	–
Mr. Zhao Fengyi *(iii)*	–	–	–	–	–	–	–
Mr. Li Lifeng *(iii)*	–	–	–	–	–	–	–
Mr. Wang Xiaohui	–	–	–	–	–	–	–
Supervisor							
Ms. Peng Xiangling	–	–	–	–	–	–	–
	–	1,420	569	38	2,027	8,953	10,980

For the year ended December 31, 2025	Directors' and supervisors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments *(i)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Zhi Fachao	–	–	–	–	–	–	–
Mr. Wang Ye	–	790	163	11	967	4,440	5,407
Mr. Liu Yangyang	–	727	108	20	855	5,118	5,973
Ms. Li Xuexiang	–	–	–	–	–	–	–
Mr. Zhang Yibo	–	–	–	–	–	–	–
Mr. Lin Yunyu	–	–	–	–	–	–	–
Mr. Cao Da	–	–	–	–	–	–	–
Mr. Li Lifeng *(iii)*	–	–	–	–	–	–	–
Mr. Wang Xiaohui *(iv)*	–	–	–	–	–	–	–
Mr. Liang Xiongxin *(iv)*	–	–	–	–	–	–	–
Supervisors							
Ms. Peng Xiangling *(iv)*	–	–	–	–	–	–	–
Ms. Zheng Lijun *(iv)*	–	375	54	12	441	459	900
Mr. Nie Huiming *(iv)*	–	–	–	–	–	–	–
Mr. Li Gengping *(iv)*	–	–	–	–	–	–	–
	–	1,895	325	39	2,263	10,017	12,280

Notes:

(i) The details of these benefits in kind, including the principal terms and number of awarded shares granted, are disclosed in note 23.

(ii) Mr. Liu Yangyang was a director and deputy general manager of the Company. He will resign from directorship immediately prior to the [**REDACTED**] of the Company and continues to serve as a senior management upon the [**REDACTED**] of the Company.

(iii) In April 2024, Mr. Zhao Fengyi resigned as a director of the Company and Mr. Li Lifeng was appointed as a director of the Company. In May 2026, Mr. Li Lifeng resigned from directorship.

(iv) In July 2025, Mr. Wang Xiaohui resigned as a director of the Company and Ms. Peng Xiangling resigned as a supervisor of the Company. In addition, Mr. Liang Xiongxin was appointed as a director of the Company and Ms. Zheng Lijun, Mr. Nie Huiming and Mr. Li Gengping were appointed as supervisors of the Company. In May 2026, Mr. Liang Xiongxin resigned from directorship.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

Pursuant to resolutions of shareholders on May 28, 2026, Mr. Zeng Ming, Mr. Chen Qikui, and Ms Li Ying were appointed as independent non-executive directors of the Company with effect from the date of [**REDACTED**] of the Company.

Pursuant to the PRC Company Law, a joint stock limited liability company may, under the articles of association, set up an audit committee composed of directors in the board of directors, which shall exercise the functions and powers of the board of supervisors as provided for in the PRC Company Law. Accordingly, the Company will not set up the board of supervisors after the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During each year of the Track Record Period, of the five individuals with the highest emoluments of the Group, 2 and 2 are directors whose emoluments are disclosed in note 8 respectively. The aggregate of the emoluments in respect of the remaining individuals during each year of the Track Record Period respectively are as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Salaries, allowances and other benefits	1,528	1,609
Discretionary bonuses	581	275
Contributions to defined contribution retirement plan	52	44
Equity-settled share-based payments	2,867	2,867
	5,028	4,795

The emoluments of the individuals who are not director or supervisor and with the highest emoluments are within the following bands:

	Year ended December 31, 2024	Year ended December 31, 2025
	Number of individuals	Number of individuals
HKD1,000,001-HKD1,500,000	–	1
HKD1,500,001-HKD2,000,000	2	1
HKD2,000,001-HKD2,500,000	1	1
	3	3

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue during the Track Record Period.

As set out in note 24(c), the Company was converted into a joint stock company with limited liability and 30,104,120 shares at RMB1 each were issued in July 2025. For the purpose of calculating basic loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred since January 1, 2024, at the exchange ratio established in the conversion in July 2025.

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Loss for the year attributable to equity shareholders of the Company	(63,998)	(69,393)

Weighted average number of ordinary shares in issue or deemed to be in issue.

	Year ended December 31, 2024	Year ended December 31, 2025
	'000	*'000*
Ordinary shares deemed to be in issue at January 1	27,553	30,104
Effect of unvested shares held for employee incentive scheme	(1,710)	(2,040)
Effect of ordinary shares deemed to be issued during the year	1,615	–
Weighted average number of ordinary shares in issue or deemed to be in issue at the end of the year	27,458	28,064

(b) Diluted loss per share

Restricted Equity Interests or restricted shares of the Group (note 23) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. Therefore, there was no difference between the basic and diluted loss per share during the Track Record Period.

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment and furniture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2024	38,482	3,291	26,675	68,448
Additions	233	7	159	399
Disposals	(530)	(239)	–	(769)
At December 31, 2024 and January 1, 2025	38,185	3,059	26,834	68,078
Additions	559	–	88	647
Disposals	(145)	(23)	–	(168)
At December 31, 2025	38,599	3,036	26,922	68,557
Accumulated depreciation:				
At January 1, 2024	(18,840)	(3,035)	(12,178)	(34,053)
Charge for the year	(4,235)	(198)	(4,911)	(9,344)
Written back on disposals	44	432	–	476
At December 31, 2024 and January 1, 2025	(23,031)	(2,801)	(17,089)	(42,921)
Charge for the year	(3,707)	(68)	(4,970)	(8,745)
Written back on disposals	138	20	–	158
At December 31, 2025	(26,600)	(2,849)	(22,059)	(51,508)
Net book value:				
At December 31, 2024	15,154	258	9,745	25,157
At December 31, 2025	11,999	187	4,863	17,049

The Company

	Machinery	Office equipment and furniture	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2024	24,805	1,065	17,302	43,172
Additions	119	6	159	284
Disposals	(3)	(65)	–	(68)
At December 31, 2024 and January 1, 2025	24,921	1,006	17,461	43,388
Additions	559	–	88	647
Disposals	(74)	(23)	–	(97)
At December 31, 2025	25,406	983	17,549	43,938
Accumulated depreciation:				
At January 1, 2024	(8,806)	(813)	(6,272)	(15,891)
Charge for the year	(3,422)	(91)	(3,739)	(7,252)
Written back on disposals	1	50	–	51
At December 31, 2024 and January 1, 2025	(12,227)	(854)	(10,011)	(23,092)
Charge for the year	(3,197)	(65)	(3,798)	(7,060)
Written back on disposals	68	20	–	88
At December 31, 2025	(15,356)	(899)	(13,809)	(30,064)
Net book value:				
At December 31, 2024	12,694	152	7,450	20,296
At December 31, 2025	10,050	84	3,740	13,874

12 RIGHT-OF-USE ASSETS

The Group

	Properties
	RMB'000
Cost:	
At January 1, 2024	16,871
Additions	4,574
At December 31, 2024 and January 1, 2025	21,445
Additions	3,218
Derecognition	(4,381)
At December 31, 2025	20,282
Accumulated depreciation:	
At January 1, 2024	(8,116)
Charge for the year	(3,565)
At December 31, 2024 and January 1, 2025	(11,681)
Charge for the year	(3,439)
Derecognition	876
At December 31, 2025	(14,244)
Net book value:	
At December 31, 2024	9,764
At December 31, 2025	6,038

(i) The Group has leased properties as its manufacturing facilities and office buildings through tenancy agreements. The leases typically run for an initial period of 3 to 5 years. None of the leases includes variable lease payments.

The Company

	Properties
	RMB'000
Cost:	
At January 1, 2024, December 31, 2024 and January 1, 2025	11,969
Additions	3,218
At December 31, 2025	15,187
Accumulated depreciation:	
At January 1, 2024	(5,559)
Charge for the year	(2,252)
At December 31, 2024 and January 1, 2025	(7,811)
Charge for the year	(2,082)
At December 31, 2025	(9,893)
Net book value:	
At December 31, 2024	4,158
At December 31, 2025	5,294

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	Years ended December 31, 2024	Years ended December 31, 2025
	RMB'000	*RMB'000*
Depreciation charge of properties leased for own use	3,565	3,439
Interest on lease liabilities *(note 6(a))*	476	388
Gain relating to cancellation of lease contract *(note 5)*	–	313

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(d) and 22 respectively.

13 INTERESTS IN SUBSIDIARIES

The carrying amount of interests in subsidiaries are listed below:

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Investments in subsidiaries, at cost	74,278	74,633
Less: impairment loss of investment in subsidiaries	(33,626)	(33,626)
Total	40,652	41,007

Details of the information of the principal subsidiaries is set forth in note 1.

14 INVENTORIES AND CONTRACT COSTS

Inventories and contract costs in the consolidated statement of financial position comprise:

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Inventories		
Raw materials and consumables	855	681
Work in progress	197	–
Finished goods	518	1,073
	1,570	1,754
Contract costs		
Costs to fulfil contracts	781	3,107
	2,351	4,861

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Inventories		
Raw materials and consumables	712	547
Contract costs		
Costs to fulfil contracts	781	3,107
	1,493	3,654

All of the inventories are expected to be recovered within one year.

Costs to fulfil contracts capitalized as at December 31, 2024 and 2025 related to cost incurred to fulfil certain customer contracts, revenue of which has not been recognized, such as staff costs and depreciation expense. Contract fulfilment costs are recognized as part of "cost of revenue" upon revenue recognition.

The analysis of the amount of inventories and contract costs recognized as an expense and included in profit or loss is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Carrying amount of inventories sold	95	351
Contract costs transferred upon revenue recognition	328	1,825
	423	2,176

15 TRADE RECEIVABLES

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Trade receivables	18	19

All of the trade receivables are expected to be recovered within one year.

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of allowance for expected credit losses, is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Within 3 months	18	19

16 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Non-current		
Prepayment for property, plant and equipment	127	–
Current		
Other receivables	255	196
Financial assets measured at amortized cost	255	196
Prepaid expenses	5,270	3,330
Value-added tax recoverable	11,779	680
	17,304	4,206

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Amounts due from a subsidiary	–	1,300
Other receivables	30	6
Financial assets measured at amortized cost	30	1,306
Prepaid expenses	5,134	3,324
Value-added tax recoverable	11,604	428
	16,768	5,058

All of the prepayments and other receivables are expected to be recovered or recognized as expense within one year.

17 OTHER INVESTMENTS

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Investments in structured deposits *(i)*	10,008	–

(i) As at December 31, 2024, other investments represented investments in structured deposits managed by a bank in the PRC with the principal amount of RMB10,000,000 and variable returns.

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Cash on hand	18	6
Cash at bank	92,335	74,075
Cash and cash equivalents	92,353	74,081

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Cash on hand	18	6
Cash at bank	72,413	57,883
Cash and cash equivalents	72,431	57,889

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended December 31, 2024	Year ended December 31, 2025
		RMB'000	*RMB'000*
Loss before taxation		(63,998)	(69,393)
Adjustments for:			
Depreciation of property, plant and equipment	*6(c)*	9,344	8,745
Depreciation of right-of-use assets	*6(c)*	3,565	3,439
Amortization of intangible assets	*6(c)*	53	68
Finance costs	*6(a)*	509	420
Investment income from other investments	*5*	(1,341)	(740)
Losses on disposals of property, plant and equipment	*5*	115	10
Gain relating to cancellation of lease contract	*5*	–	(313)
Equity-settled share-based payments	*6(b)*	15,738	16,315
Interest income from bank deposits	*5*	(245)	(247)
Changes in working capital:			
Increase in inventories and contract costs		(1,376)	(2,510)
Increase in trade receivables		(18)	(1)
(Increase)/decrease in prepayments and other receivables		(5,818)	13,098
(Decrease)/increase in trade and other payables		(2,585)	4,748
Decrease in deferred income		(375)	(194)
Increase in contract liabilities		1,419	3,879
Cash used in operations		(45,013)	(22,676)

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loan	Lease liabilities	Total
	RMB'000 *(note 20)*	*RMB'000* *(note 22)*	*RMB'000*
At January 1, 2024	–	9,993	9,993
Changes from financing cash flows:			
Proceeds from bank loan	2,000	–	2,000
Capital element of rental paid	–	(3,476)	(3,476)
Interest element of rental paid	–	(476)	(476)
Interest paid	(31)	–	(31)
Total changes from financing cash flows	1,969	(3,952)	(1,983)

	Bank loan	Lease liabilities	Total
	RMB'000 *(note 20)*	*RMB'000* *(note 22)*	*RMB'000*
Other changes:			
Interest expenses *(note 6(a))*	33	476	509
Increase in lease liabilities from entering into new leases during the year	–	4,574	4,574
Total other changes	33	5,050	5,083
At December 31, 2024 and January 1, 2025	2,002	11,091	13,093
Changes from financing cash flows:			
Repayment of bank loan	(2,000)	–	(2,000)
Capital element of rental paid	–	(3,649)	(3,649)
Interest element of rental paid	–	(388)	(388)
Interest paid	(34)	–	(34)
Total changes from financing cash flows	(2,034)	(4,037)	(6,071)
Other changes:			
Interest expenses *(note 6(a))*	32	388	420
Increase in lease liabilities from entering into new leases during the year	–	3,218	3,218
Decrease in lease liabilities from derecognition	–	(3,818)	(3,818)
Total other changes	32	(212)	(180)
At December 31, 2025	–	6,842	6,842

(d) Total cash outflow for leases

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Within financing cash flows	3,952	4,037

19 TRADE AND OTHER PAYABLES

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Trade payables	3,567	7,894
Payroll payables	2,407	2,830
Other payables and accruals	1,331	1,329
Deposit liabilities recognized under employee incentive schemes	4,550	4,550
	11,855	16,603

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Trade payables	3,543	7,894
Amounts due to subsidiaries	1,350	–
Payroll payables	2,244	2,585
Other payables and accruals	1,253	1,307
	8,390	11,786

As of the end of the reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

The Group

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Within 3 months	3,486	7,865
Over 3 months but within 6 months	29	1
Over 6 months	52	28
	3,567	7,894

The Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Within 3 months	3,462	7,865
Over 3 months but within 6 months	29	1
Over 6 months	52	28
	3,543	7,894

All trade and other payables are expected to be settled within one year or repayable on demand.

20 BANK LOAN

(a) The analysis of the carrying amount of bank loan is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Unsecured and unguaranteed short-term bank loan	2,002	–

(b) As at December 31, 2024 and 2025, the analysis of the repayment schedule of bank loans is as follows:

The Group and the Company

	As at December 31, 2024	As at December 31, 2025
	RMB'000	*RMB'000*
Within 1 year or on demand	2,002	–

21 DEFERRED INCOME

The Group

	Government grants
	RMB'000
At January 1, 2024	3,521
Addition	732
Credited to profit or loss	(1,107)
At December 31, 2024 and January 1, 2025	3,146
Addition	1,500
Credited to profit or loss	(1,694)
At December 31, 2025	2,952

The Company

	Government grants
	RMB'000
At January 1, 2024	–
Addition	732
Credited to profit or loss	(127)
At December 31, 2024 and January 1, 2025	605
Addition	1,500
Credited to profit or loss	(715)
At December 31, 2025	1,390

As at December 31, 2024 and 2025, deferred income of the Group represented government subsidies received for compensation on research and development expenses which have not met the conditions attaching to the subsidies and for the purchase of property, plant and equipment.

22 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at December 31, 2024 and 2025.

The Group

	As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	4,466	4,846	2,770	2,971
After 1 year but within 2 years	4,095	4,272	1,180	1,307
After 2 years but within 5 years	2,530	2,649	2,892	3,016
	6,625	6,921	4,072	4,323
	11,091	11,767	6,842	7,294
Less: total future interest expenses		(676)		(452)
Present value of lease liabilities		11,091		6,842

The Company

	As at December 31, 2024		As at December 31, 2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,600	2,776	1,938	2,122
After 1 year but within 2 years	2,373	2,425	1,152	1,279
After 2 years but within 5 years	–	–	2,892	3,016
	2,373	2,425	4,044	4,295
	4,973	5,201	5,982	6,417
Less: total future interest expenses		(228)		(435)
Present value of lease liabilities		4,973		5,982

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Group adopted employee incentive schemes in May 2017 (the Employee Incentive Scheme 2017) and November 2023 (the Employee Incentive Scheme 2023), respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their future contributions to the Group.

In connection with the Employee Incentive Scheme 2017 and Employee Incentive Scheme 2023, Zhuhai Xinrui Biotechnology Center (Limited Partnership) ("**Zhuhai Xinrui**") was established in Chinese Mainland as the employee incentive vehicle to subscribe registered capital of the Company. Eligible participants as approved by the Company were granted the equity interests in the form of holding the registered capital of the Company directly or through holding the limited partnership interests in Zhuhai Xinrui (together referred to as "Restricted Equity Interests"). Zhuhai Xinrui is consolidated as a subsidiary of the Company.

In July 2025, the Company was converted into a joint stock limited liability company (note 24(c)(i)), and therefore, the registered capital of the Company amounting to RMB2,039,875 granted to the eligible participants of the employee incentive schemes were converted into restricted shares of the Company on the same terms and conditions without a change in the underlying economic interests.

Details of terms and conditions of the respective Restricted Equity Interests granted are set out below:

Employee Incentive Scheme 2017

On December 27, 2019, 2 directors and certain employees of the Group were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB800,000 at a subscription price of RMB1.00 per RMB1 registered capital.

Employee Incentive Scheme 2023

On November 22, 2023, 2 directors and certain employees of the Group were granted the Restricted Equity Interests in the form of the Company's registered capital of RMB1,239,875 at a subscription price of RMB3.02 per RMB1 registered capital, among which registered capital of RMB371,963 were granted through equity interests transfer from the Company's immediate parent, Zhuhai Yichangda Biotechnology Center (Limited Partnership), to the grantees.

The awards are conditional upon the successful completion of an [**REDACTED**] ("[**REDACTED**]"). If the employees leave the Group before the successful completion of an [**REDACTED**], the Group has the right to repurchase the Restricted Equity Interests and grant to other eligible participants. The Group determines the share-based payment expenses at a date of grant of Restricted Equity Interests with reference to the estimation of the probability and timing of successful [**REDACTED**] since [**REDACTED**] condition is considered as a vesting condition. As at December 31, 2024 and 2025, the Group assessed that it is probable that the [**REDACTED**] condition will be achieved in the foreseeable future, and share-based payments expenses were recognized on a straight-line basis over the entire vesting period accordingly.

Total compensation expense of Restricted Equity Interests calculated based on the grant date fair value and the estimated forfeiture rate recognized in the consolidated statements of profit or loss and other comprehensive income are RMB15,738,000 and RMB16,315,000 for the years ended December 31, 2024 and December 31, 2025, respectively.

The movements of the Restricted Equity Interests or restricted shares of the Group during the Track Record Period are summarized as follows:

	2024		2025	
	Weighted average fair value per Restricted Equity Interest	Amount of registered capital	Weighted average fair value per Restricted Equity Interest	Number of shares
	RMB	*RMB*	*RMB*	
Outstanding at January 1	32.81	2,039,877	32.81	2,039,877
Forfeited during the year	42.72	(37,200)	42.72	(12,400)
Granted during the year	42.72	37,200	42.72	12,400
Outstanding at December 31	32.81	2,039,877	32.81	2,039,877

The fair value of services received in return for the Restricted Equity Interests granted is measured by reference to the fair value of Restricted Equity Interests granted at the corresponding dates of grant. Expected dividends are based on historical dividends of nil.

The fair value of Restricted Equity Interest granted on December 27, 2019 is measured with discounted cash flow method to determine the underlying equity fair value of the Company with following key assumptions at the grant date:

Cost of equity	13.09%
Likelihood of the success of the launch of products	15.10%
Gross profit margin	69.32%-85.00%
Annual growth rate of revenue after the launch of products	-10.53%-150.00%

The fair value of Restricted Equity Interest granted on other respective dates is measured using comparable transaction approach with reference to the subscription prices at the Company's most recent fundraising transactions.

24 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024	27,553	–	363,248	11,033	(290,460)	111,374
Changes in equity for 2024:						
Total comprehensive income	–	–	–	–	(57,149)	(57,149)
Capital contributions by investors *(i)*	1,683	–	75,317	–	–	77,000
Pain-in capital issued under employee incentive scheme	868	–	1,757	–	–	2,625
Equity-settled share-based transactions	–	–	–	15,738	–	15,738
Balance at December 31, 2024 and January 1, 2025	30,104	–	440,322	26,771	(347,609)	149,588
Changes in equity for 2025:						
Total comprehensive income	–	–	–	–	(62,611)	(62,611)
Equity-settled share-based transactions	–	–	–	16,315	–	16,315
Conversion into a joint stock company	(30,104)	30,104	(364,700)	–	364,700	–
Balance at 31 December 2025	–	30,104	75,622	43,086	(45,520)	103,292

(i) During the year ended December 31, 2024, the Company has entered into Series C-1 and C-2 financing agreements with several Series C-1 and C-2 investors, pursuant to which the Series C investors agreed to subscribe the Company's newly issued paid-in capital of RMB1,683,000 for the total consideration of RMB77,000,000.

(b) Paid-in capital

	Total
	RMB'000
At January 1, 2024	27,553
Capital contributions by investors	1,683
Paid-in capital issued under employee incentive scheme *(note 23)*	868
At December 31, 2024 and January 1, 2025	30,104
Conversion into a joint stock company *(note 24(c))*	(30,104)
At December 31, 2025	–

(c) Share capital

	Numbers of shares	*RMB'000*
Ordinary shares, issued and fully paid with a par value of RMB1 each:		
At January 1, 2024, December 31, 2024 and January 1, 2025	–	–
Issue of ordinary shares upon conversion into joint stock limited liability company *(i)*	30,104,120	30,104
At December 31, 2025	30,104,120	30,104

(i) The Company was converted into a joint stock limited liability company under the Company Law of the PRC in July 2025. The net assets of the Company as of the conversion base date were converted into 30,104,120 shares at RMB1 each. The excess of the net assets of the Company converted over the nominal value of the shares was credited to the Company's capital reserve.

Redemption rights granted by Dr. Zhi and Zhuhai Yichangda Biotechnology Center (Limited Partnership) ("Zhuhai Yichangda")

In connection with the pre-[**REDACTED**] investments, the pre-[**REDACTED**] investors had been granted redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda. The Directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda; and (ii) the Company has not provided any guarantee for the abovementioned redemption rights exercisable solely against Dr. Zhi and Zhuhai Yichangda in the event of a default by Dr. Zhi and Zhuhai Yichangda. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to redemption rights granted to the pre-[**REDACTED**] investors exercisable solely against Dr. Zhi and Zhuhai Yichangda.

(d) Dividends

No dividends were paid or declared by the Company during the Track Record Period.

(e) Capital reserve

The capital reserve primarily represents the excess of the contributions from the equity owners of the Company over the total paid-in capital issued before its conversion into a joint stock limited liability company in July 2025 and the difference between the nominal value of the ordinary shares and its net assets value as of the conversion base date upon the conversion into a joint stock limited liability company in July 2025.

(f) Equity interests or shares held for employee incentive scheme

The balance of equity interests or shares held for employee incentive scheme primarily represents the cost of the Company's registered capital or shares held under the employee incentive schemes (note 23). The number of registered capital and shares held for the employee incentive schemes as at December 31, 2024 and 2025 were 2,039,875 and 2,039,875, respectively.

(g) Share-based payment reserve

The share-based payment reserve comprises the Company's equity-settled share-based payments (see note 23).

(h) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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. 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 Track Record Period.

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are reputable banks or financial institution, for which the Group considers to have low credit risks.

As at December 31, 2024 and 2025, the management of the Group has assessed that trade receivables and other receivables (mainly include rental deposits) have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, the expected credit loss rate is insignificant.

(b) Liquidity risk

The treasury function is centrally managed by the Group, which includes the short-term investment of cash surplus and the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of each of the reporting periods) and the earliest date the Group can be required to pay:

	As at December 31, 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	11,855	–	–	–	11,855	11,855
Bank loan	2,034	–	–	–	2,034	2,002
Lease liabilities	4,846	4,272	2,649	–	11,767	11,091
Total	18,735	4,272	2,649	–	25,656	24,948

	As at December 31, 2025 Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other payables	16,603	–	–	–	16,603	16,603
Lease liabilities	2,971	1,307	3,016	–	7,294	6,842
Total	19,574	1,307	3,016	–	23,897	23,445

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group does not account for any fixed-rate financial instruments at fair value through profit or loss at the end of each reporting period. Therefore, interest-bearing financial instruments at fixed rates do not expose the Group to fair value interest rate risk. The Group's interest rate risk arises primarily from cash at banks at variable rates, which exposes the Group to cash flow interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table details the interest rate profile of the Group at the end of each reporting period:

	As at December 31, 2024		As at December 31, 2025	
	Effective interest rates	Amount	Effective interest rates	Amount
	%	*RMB'000*	*%*	*RMB'000*
Fixed rate instruments:				
Bank loan	3.20%	2,002	N/A	–
Lease liabilities	3.35%-4.65%	11,091	3.35%-4.65%	6,842
		13,093		6,842
Variable rate instruments:				
Cash at bank	0.10%-0.20%	92,353	0.05%-0.10%	74,081

(ii) Sensitivity analysis

As at December 31, 2024 and 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss and accumulated losses by approximately RMB462,000 and RMB370,000 respectively.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss for the year (and accumulated losses) is estimated as an annualised (pro-rata as required) impact on interest expense or income of such a change in interest rates.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The following table represents the Group's financial assets that are measured at fair values at December 31, 2024:

	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Investment in structured deposits	–	10,008	–	10,008

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of structured deposits in Level 2 is determined by the Group with reference to the fair value quoted by the bank that established and managed the investments, using expected return rates currently available for instruments with similar terms, credit risk, remaining terms and other market data.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as at December 31, 2024 and 2025.

26 COMMITMENTS

As at December 31, 2024 and 2025, the Group did not have material commitments outstanding and not provided for in the financial statements.

27 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following material related party transaction:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	Year ended December 31, 2024	Year ended December 31, 2025
	RMB'000	*RMB'000*
Salaries, allowances and other benefits	2,948	3,504
Discretionary bonuses	1,150	600
Retirement scheme contributions	90	87
Equity-settled share-based payments	11,820	12,884
	16,008	17,075

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the immediate parent of the Group to be Zhuhai Yichangda and ultimate controlling party of the Group to be Zhi Fachao.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ACCOUNTING PERIOD BEGINNING ON JANUARY 1, 2025

Up to the date of issue of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on January 1, 2025 and which have not been adopted in Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	January 1, 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Contracts Referencing nature-dependent electricity*	January 1, 2026
Annual improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 18, *Presentation and disclosure in financial statements*	January 1, 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	January 1, 2027
Amendments to IAS 21, *Translation to a hyperinflationary presentation currency*	January 1, 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

30 SUBSEQUENT EVENTS

In March 2026, the Company entered into Series C-3 financing agreement with several Series C-3 investors, pursuant to which the Series C-3 investors agreed to subscribe 568,415 shares for a consideration of RMB26,000,000.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to December 31, 2025.