

APPENDIX I

ACCOUNTANTS’ REPORT

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

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU GENHOUSE BIO CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Suzhou Genhouse Bio Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the year ended 31 December 2024 and 2025 and the five months ended 31 May 2026 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and 31 May 2026 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 [Date] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

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Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the “**Interim Comparative Financial Information**”). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods and the five months ended 31 May 2025.

[•]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
REVENUE	5	4,690	1,268	312	557,741
Cost of sales	7	(2,376)	(1,116)	(255)	(1,829)
Gross profit		2,314	152	57	555,912
Other income and gains.	5	15,129	8,469	1,555	2,727
Research and development costs.	7	(103,096)	(79,196)	(27,945)	(37,758)
Administrative expenses		(23,596)	(29,292)	(6,905)	(73,192)
Other expenses.	8	(1,417)	(135)	(76)	(10,209)
Finance costs.	6	(41,109)	(43,529)	(17,504)	(27,167)
(LOSS)/PROFIT BEFORE TAX	7	(151,775)	(143,531)	(50,818)	410,313
Income tax expense	11	—	—	—	(55,742)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR/ PERIOD		(151,775)	(143,531)	(50,818)	354,571
Attributable to: Owners of the parent		(151,775)	(143,531)	(50,818)	354,571
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	(10.40)	(9.67)	(3.46)	20.27
Basic (RMB)		(10.40)	(9.67)	(3.46)	17.91
Diluted (RMB)		(10.40)	(9.67)	(3.46)	17.91

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 31 May
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	11,426	6,840	37,500
Right-of-use assets	15(a)	7,396	4,398	6,011
Other intangible assets		54	—	—
Prepayments, other receivables and other assets	16	808	1,008	808
Total non-current assets		19,684	12,246	44,319
CURRENT ASSETS				
Trade receivables		250	525	164
Prepayments, other receivables and other assets	16	5,774	8,462	14,357
Amount due from a related party	30	9,192	—	—
Contract costs		—	386	545
Debt investments at fair value through other comprehensive income (“FVTOCI”)	17	31,501	—	—
Financial assets at fair value through profit or loss (“FVTPL”)	18	—	35,004	551,462
Restricted bank deposits	19	—	—	7,000
Cash and cash equivalents	19	24,773	69,466	98,270
Total current assets		71,490	113,843	671,798
CURRENT LIABILITIES				
Trade and other payables	21	28,890	42,616	40,045
Interest-bearing bank borrowings	22	17,020	36,180	43,992
Lease liabilities	15(b)	2,847	3,994	4,208
Financial liabilities at FVTPL	20	—	—	5,067
Redemption liabilities on equity shares	24	615,071	788,346	990,834
Total current liabilities		663,828	871,136	1,084,146
NET CURRENT LIABILITIES		(592,338)	(757,293)	(412,348)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(572,654)	(745,047)	(368,029)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	22	58,480	32,200	9,000
Lease liabilities	15(b)	4,524	1,466	2,165
Total non-current liabilities		63,004	33,666	11,165
Net liabilities		(635,658)	(778,713)	(379,194)
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital/Share capital	25	13,115	15,938	17,584
Deficits	26	(648,773)	(794,651)	(396,778)
Total deficits		(635,658)	(778,713)	(379,194)

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Paid-in capital	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	12,865	461,506	(463,724)	3,530	(498,763)	(484,586)
Loss for the year	–	–	–	–	(151,775)	(151,775)
Equity-settled share-based payment expenses (note 27)	–	–	–	703	–	703
Capital injection from a shareholder	250	29,750	–	–	–	30,000
Recognition of redemption liabilities on equity shares . .	–	–	(30,000)	–	–	(30,000)
At 31 December 2024	<u>13,115</u>	<u>491,256*</u>	<u>(493,724)*</u>	<u>4,233*</u>	<u>(650,538)*</u>	<u>(635,658)</u>

Year ended 31 December 2025

	Paid-in capital/ Share capital	Share Premium	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	13,115	–	491,256	(493,724)	4,233	(650,538)	(635,658)
Loss for the year	–	–	–	–	–	(143,531)	(143,531)
Equity-settled share-based payment expenses (note 27).	–	–	–	–	476	–	476
Conversion into a joint stock company.	1,585	8	(491,256)	–	(4,193)	493,856	–
Capital contribution from shareholders	1,238	131,262	–	(132,500)	–	–	–
At 31 December 2025	<u>15,938</u>	<u>131,270*</u>	<u>–*</u>	<u>(626,224)*</u>	<u>516*</u>	<u>(300,213)*</u>	<u>(778,713)</u>

Five months ended 31 May 2025 (unaudited)

	Paid-in capital/ Share capital	Share Premium	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	13,115	–	491,256	(493,724)	4,233	(650,538)	(635,658)
Loss for the period	–	–	–	–	–	(50,818)	(50,818)
Equity-settled share-based payment expenses (note 27).	–	–	–	–	201	–	201
Conversion into a joint stock company.	1,585	8	(491,256)	–	(4,193)	493,856	–
At 31 May 2025 (unaudited)	<u>14,700</u>	<u>8</u>	<u>–</u>	<u>(493,724)</u>	<u>241</u>	<u>(207,500)</u>	<u>(686,275)</u>

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Five months ended 31 May 2026

	Paid-in capital/ Share capital	Share Premium	Other reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	15,938	131,270	(626,224)	516	(300,213)	(778,713)
Profit for the period	–	–	–	–	354,571	354,571
Equity-settled share-based payment expenses (<i>note 27</i>) .	–	–	–	44,948	–	44,948
Capital contribution from shareholders	1,646	174,654	(176,300)	–	–	–
At 31 May 2026	17,584	305,924*	(802,524)*	45,464*	54,358*	(379,194)

* These deficit accounts comprise the consolidated deficits of RMB648,773,000, RMB794,651,000 and RMB396,778,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 31 May 2026, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(151,775)	(143,531)	(50,818)	410,313
Adjustments for:					
Bank interest income	5	(248)	(266)	(20)	(192)
Interest income from debt investments at FVTOCI	5	(1,270)	(489)	(372)	–
Interest income from a related party	5	(192)	(196)	(153)	–
Finance costs	6	41,109	43,529	17,504	27,167
Fair value gain on financial assets at FVTPL	5	(990)	(4)	–	(1,990)
Fair value losses on financial liabilities at FVTPL	7	–	–	–	5,067
Loss on disposal of items of property, plant and equipment, net.	8	1,358	60	57	–
Gain on termination of a lease contract	5	(188)	–	–	–
Depreciation of property, plant and equipment	14	10,080	4,691	2,012	1,876
Depreciation of right-of-use assets	15	3,133	2,998	1,249	1,400
Amortisation of other intangible assets	7	272	54	54	–
Net foreign exchange (gains)/losses, net. . . .	5, 8	(82)	37	3	281
Equity-settled share-based payment expenses .	26	703	476	201	44,948
(Decrease)/Increase in trade receivables		(240)	(275)	150	361
Increase in prepayments, other receivables and other assets		(2,291)	(300)	(1,834)	(4,757)
Increase in contract costs		–	(386)	(244)	(159)
(Decrease)/increase in trade and other payables .		(6,401)	11,941	3,542	(8,913)
Cash (used in)/from operations		(107,022)	(81,661)	(28,669)	475,402
Income tax paid		–	–	–	(55,742)
Net cash flows (used in)/from operating activities		(107,022)	(81,661)	(28,669)	419,660
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		248	266	20	192
Purchases of items of property, plant and equipment		(127)	(365)	(4)	(25,514)
Proceeds from disposal of items of property, plant and equipment		18	–	–	–
Loans to a related party		(9,000)	(3,000)	(3,000)	–
Proceeds from the repayment of loans to a related party		–	12,388	–	–
Placement of restricted bank deposits.		–	–	–	(7,000)
Purchase of financial assets at FVTPL		(450,000)	(35,000)	–	(685,000)
Proceeds from disposal of financial assets at FVTPL		501,213	–	–	170,532
Proceeds from disposal of debt investments at FVTOCI		10,539	31,990	21,152	–
Net cash flows from/(used in) investing activities		52,891	6,279	18,168	(546,790)

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Note	Year ended 31 December		Five months ended 31 May		
	2024	2025	2025	2026	
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000	
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares	30,000	132,500	–	176,300	
New bank borrowings.	35,000	15,000	5,000	10,000	
Repayment of bank borrowings	(6,500)	(22,120)	(3,500)	(25,600)	
Interest paid	(2,525)	(2,508)	(774)	(737)	
[REDACTED] paid.	(308)	(617)	(126)	(1,564)	
Repayment of lease payments	(3,497)	(2,143)	(979)	(2,184)	
Net cash flows from/(used in) financing activities	52,170	120,112	(379)	156,215	
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,961)	44,730	(10,880)	29,085	
Cash and cash equivalents at beginning of year/period.	26,652	24,773	24,773	69,466	
Effect of foreign exchange rate changes, net. . .	82	(37)	(3)	(281)	
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD.	19	24,773	69,466	13,890	98,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	19	24,773	69,466	13,890	98,270
Cash and cash equivalents as stated in the statements of financial position		24,773	69,466	13,890	98,270

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 31 May
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	10,294	6,006	6,045
Right-of-use assets	15(a)	5,036	3,087	2,274
Other intangible assets		54	—	—
Prepayments, other receivables and other assets	16	808	808	808
Investments in subsidiaries	1	41,300	94,500	100,100
Total non-current assets		57,492	104,401	109,227
CURRENT ASSETS				
Trade receivables		250	525	164
Prepayments, other receivables and other assets	16	4,961	8,311	13,632
Amount due from a subsidiary		179	—	—
Amount due from a related party	30	9,192	—	—
Contract costs		—	386	545
Debt investments at FVTOCI	17	31,501	—	—
Financial assets at FVTPL	18	—	—	541,460
Restricted bank deposits	19	—	—	7,000
Cash and cash equivalents	19	24,641	54,683	80,973
Total current assets		70,724	63,905	643,774
CURRENT LIABILITIES				
Trade and other payables	21	26,525	39,962	31,459
Amounts due to a subsidiary		31,445	34,573	36,165
Interest-bearing bank borrowings	22	17,020	36,180	43,992
Lease liabilities	15(b)	1,906	3,012	2,183
Financial liabilities at FVTPL	20	—	—	5,067
Redemption liabilities on equity shares	24	615,071	788,346	990,834
Total current liabilities		691,967	902,073	1,109,700
NET CURRENT LIABILITIES		(621,243)	(838,168)	(465,926)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(563,751)	(733,767)	(356,699)
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	22	58,480	32,200	9,000
Lease liabilities	15(b)	3,169	1,190	343
Total non-current liabilities		61,649	33,390	9,343
Net liabilities		(625,400)	(767,157)	(366,042)
EQUITY				
Paid-in capital/Share capital	25	13,115	15,938	17,584
Deficits	26	(638,515)	(783,095)	(383,626)
Total deficits		(625,400)	(767,157)	(366,042)

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Suzhou Genhouse Bio Co., Ltd. (the “**Company**”) was incorporated as a limited liability company in Suzhou, Jiangsu Province, the People’s Republic of China (the “**PRC**”) on 20 May 2014 and was converted into a joint-stock company with limited liability on 3 July 2025. The registered office address of the Company is China (Jiangsu) Pilot Free Trade Zone Suzhou Area, Suzhou Industrial Park, No. 1 Xinze Road, Biomedical Industrial Park Phase III, Block A, Building 8, Unit 401, Suzhou, Jiangsu Province, China.

The Company, together with its subsidiaries (collectively, the “**Group**”), is principally engaged in the research and development of innovative oncology therapies.

As at the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particular of which are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Qinyan Haosheng Pharmaceutical (Shanghai) Co., Ltd. (勤 研浩生醫藥(上海)有限公 司)* (note a)	Chinese mainland 22 September 2021	RMB50,000,000	100%	–	Technical services in the field of biotechnology and medical technology, medical research and experimental development
Genhouse Bio (Hongkong) Co., Limited (勤浩醫 藥(香港)有限公司)* (note a, b)	Hong Kong 24 March 2025	HKD50,000	100%	–	Investment holding
Genhouse Pharmaceutical (Yancheng) Co., Ltd. (勤 浩藥業(鹽城)有限公司)* (note a).	Chinese mainland 7 November 2025	RMB100,000,000	100%	–	Pharmaceutical manufacturing, pharmaceutical wholesaling, and technical services in the field of medical technology
Genhouse Pharmaceutical (Guangzhou) Co., Ltd. (勤研浩生醫藥(廣州)有 限公司)* (note a)	Chinese mainland 10 March 2026	RMB30,000,000	100%	–	Technical services in the field of biotechnology and medical technology, medical research and experimental development

Notes:

- a. As at the date of this report, no statutory accounts had been prepared for the subsidiaries as the subsidiaries were not required by the local government to prepare statutory accounts.
- b. The subsidiary has been dissolved at 10 July 2026.
- * The English name of the subsidiaries represents the best effort made by the directors of the Company to directly translate its Chinese name as it did not register any official English name.

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The Company

The carrying amounts of the Company’s investments in its subsidiaries:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Investments, at cost	41,300	94,500	100,100

Management assessed that no impairment indicator was identified for the investments in subsidiaries during the Relevant Periods. The subsidiaries are principally engaged in research and development activities. Their continuing losses are consistent with the Group’s pre revenue R&D stage and the project progress remains in line with expectations. There were no significant adverse changes in the operating environment, management or governance structure of the subsidiaries. The subsidiaries continued to undertake R&D with no plans for discontinuation, restructuring or disposal.

2.1 BASIS OF PREPARATION

Notwithstanding that the Group recorded net current liabilities of RMB412,348,000 which mainly included redemption liabilities on equity shares of RMB990,834,000 as at 31 May 2026 and expected to incur recurring losses from operations, the Historical Financial Information has been prepared on a going concern basis based on the following:

- the directors of the Company do not expect that the redemption liabilities on equity shares would be redeemed within the next twelve months from 31 May 2026. In addition, the directors of the Company expect the redemption liabilities on equity shares would be terminated upon [REDACTED] and the liabilities would then be reclassified to equity, resulting in the change from a net liability position to a net asset position.
- the directors of the Company have considered the additional financial resources available to the Group, the internally generated funds from operations and the ability in adjusting the pace of the research and development projects at management’s discretion. The directors are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from 31 May 2026.

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ¹
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ¹
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKAS 21	<i>Translation to a Hyperinflation Presentation Currency</i> ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2029

³ No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33

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Earnings per Share and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The adoption of HKFRS 18 is unlikely to have a significant impact on the Group’s financial position and financial performance, but has impact on the presentation and disclosure of the Group’s financial statements. Except for HKFRS 18, the directors of the Company anticipate that the application of the new and amended HKFRS Accounting Standards will have no material impact on the Group’s financial performance and financial position in foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major

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inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Laboratory equipment	19.00%
Office equipment and furniture	19.00%–31.67%
Motor vehicles	19.00%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 years. The estimated useful life of 3 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

Research and development costs

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

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

Leases

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

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Group as a lessee

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

(a) Right-of-use assets

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

Laboratory and office premises	3 years
Manufacture premise	5 years

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

(b) Lease liabilities

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

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Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at FVTOCI (debt instruments)

For debt investments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at FVTPL

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Debt investments at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach.

Stage 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, or payables, as appropriate.

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

The Group’s financial liabilities include trade and other payables, interest-bearing bank borrowings and redemption liabilities on owners’ capital.

Subsequent measurement

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

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group’s own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

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

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

Derecognition of financial liabilities

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

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

Redemption liabilities on equity shares

For the redeemable equity shares issued by the Company as detailed in note 24, financial liabilities are recognised based on the net present value of the redemption amount and debited to equity. Changes of net present value during the reporting period are recognised in profit or loss. When the redemption rights related to the redeemable owners’ capital are terminated, redemption liabilities on owners’ capital are extinguished and credited to equity.

Cash and cash equivalents

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in a subsidiary, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Rendering of research and development services

The Group provides research and development services that are rendered separately to a customer. The Group has satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions is met, the Group recognises revenue at the point in time when the customer obtains control of the distinct service. The stand-alone selling price is recognised as revenue when the customers accept and can benefit from this service.

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(b) Out-licensing revenue

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under the out-licensing agreements, the management of the Company performs the five-step model under HKFRS 15. The out-licensing agreements may contain more than one unit of account, or performance obligation, including grants of intellectual property rights (the “**Licenses**”), agreements to provide research and development services and other deliverables. The out-licensing arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the respective obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licenses of intellectual property

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

Other income

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates certain share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the market approach, further details of which are given in note 27 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

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

Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

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Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

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

Recognition of income taxes and deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised. Significant management’s judgement is required to assess the probability of future taxable profits. Management’s assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

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Estimation uncertainty

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

Accrual of research and development costs

The Group relies on outsourced service providers to conduct, supervise, and monitor the Group’s pre-clinical activities and clinical trials. Determining the amounts of research and development costs incurred up to the end of each reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with outsourced service providers using inputs such as the milestone achieved, and the number of patient enrolments or time elapsed.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is recognised if the estimated useful lives and/or the residual values of items of plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Impairment of non-financial assets (other than goodwill)

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

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

No indicators of the impairment for non-financial assets are identified as of 31 December 2024 and 2025 and 31 May 2026, since (i) the assets’ value have not declined significantly, (ii) the assets are not obsolete or physically damaged; and (iii) the R&D project progress remains in line with expectations.

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4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the research and development of innovative oncology therapies. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese Mainland	4,690	1,268	312	317
USA	–	–	–	557,424
Total revenue	4,690	1,268	312	557,741

The revenue information above is based on the location of headquarters of the Group’s customers.

(b) Non-current assets

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

Information about major customers

During the years ended 31 December 2024 and 2025 and the five months ended 31 May 2025, revenue of RMB4,183,000, RMB958,000 and RMB312,000 (unaudited) were derived from the rendering of research and development services with a major customer. During the five months ended 31 May 2026, revenue of RMB557,424,000 was derived from the out-licensing agreement with another major customer.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers .	4,690	1,268	312	557,741

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Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of services				
Rendering of research and development services	4,690	1,268	312	317
Out-licensing revenue	–	–	–	557,424
Total	4,690	1,268	312	557,741
Geographical market				
Chinese mainland	4,690	1,268	312	317
USA	–	–	–	557,424
Total	4,690	1,268	312	557,741
Timing of revenue recognition				
At a point in time	3,345	1,268	312	557,741
Over time	1,345	–	–	–
Total	4,690	1,268	312	557,741

The following table shows the amounts of revenue recognised during the Relevant Periods and five months ended 31 May 2025 that were included in the contract liabilities at the beginning of the reporting period:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:				
Rendering research and development services	623	24	15	15

(b) Performance obligations

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

Rendering of research and development services

Based on the terms of the contracts, the performance obligation is generally satisfied at the point in time as the services are completed and accepted, or over time at the amount to which the Group has the right to invoice for services performed. The payment is generally due within 10 days from the date of billing.

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Out-licensing revenue

The performance obligation is satisfied at a point in time upon the transfer of certain technologies, know-hows and materials as the customer obtains the rights to use of the underlying licences and the Group usually receives non-refundable upfront payments in accordance with the license-out agreement.

There were no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods.

An analysis of other income and gains is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income				
Government grants*	12,060	7,360	913	545
Bank interest income	248	266	20	192
Interest income from debt investments				
at FVTOCI	1,270	489	372	—
Interest income from a related party . . .	192	196	153	—
Others	99	99	42	—
Total other income	13,869	8,410	1,500	737
Gains				
Fair value gain on financial assets at				
FVTPL	990	4	—	1,990
Foreign exchange gains, net	82	—	—	—
Gains on termination of a lease				
contract	188	—	—	—
Others	—	55	55	—
Total gains	1,260	59	55	1,990
Total other income and gains	15,129	8,469	1,555	2,727

* The government grants have been received from the government authorities to support the Group operating activities. There are no unfulfilled conditions relating to these government grants.

6. FINANCE COSTS

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on redemption liabilities on				
equity shares	38,390	40,775	16,340	26,188
Interest on bank borrowings	2,522	2,522	1,054	895
Interest on lease liabilities	197	232	110	84
Total	41,109	43,529	17,504	27,167

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7. (LOSS)/ PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		Five months ended 31 May	
		2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Cost of sales		2,376	1,116	255	1,829
Research and development costs.		103,096	79,196	27,945	37,758
Depreciation of property, plant and equipment	14	10,080	4,691	2,012	1,876
Depreciation of right-of-use assets	15	3,133	2,998	1,249	1,400
Amortisation of other intangible assets		272	54	54	–
[REDACTED].		2,307	8,203	1,237	7,803
Loss on disposal of property, plant and equipment, net	8	1,358	60	57	–
Gain on termination of a lease contract	5	(188)	–	–	–
Government grants	5	(12,060)	(7,360)	(913)	(545)
Fair value gain on financial assets at FVTPL	5	(990)	(4)	–	(1,990)
Fair value loss on financial liabilities at FVTPL	8	–	–	–	5,067
Foreign exchange (gains)/losses, net	5, 8	(82)	37	3	5,142
Bank interest income	5	(248)	(266)	(20)	(192)
Interest income from debts investments at FVTOCI	5	(1,270)	(489)	(372)	–
Interest income from a related party	5	(192)	(196)	(153)	–
Staff costs (including directors’ emoluments):					
— Salaries, bonuses, allowances and benefits in kind.		35,303	33,019	12,494	24,519
— Pension scheme contributions		6,140	6,239	2,502	2,916
— Equity-settled share-based payment expenses.		703	476	201	44,948
Total.		<u>42,146</u>	<u>39,734</u>	<u>15,197</u>	<u>72,383</u>
Lease payments not included in the measurement of lease liabilities.	15	265	264	6	70

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss on disposal of items of property, plant and equipment, net	1,358	60	57	–
Foreign exchange losses, net	–	37	3	5,142
Fair value losses on financial liabilities at FVTPL	–	–	–	5,067
Others	59	38	16	–
Total	<u>1,417</u>	<u>135</u>	<u>76</u>	<u>10,209</u>

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9. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration for the Relevant Periods and the five months ended 31 May 2025 is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i> <i>(unaudited)</i>	<i>RMB’000</i>
Fees	—	—	—	—
Other emoluments:				
Salaries, allowances and benefits in kind	3,528	2,840	1,285	1,923
Performance related bonuses	1,243	1,449	604	321
Equity-settled share-based payment expenses	656	429	181	42,421
Pension scheme contributions	507	496	146	146
Total	<u>5,934</u>	<u>5,214</u>	<u>2,216</u>	<u>44,811</u>

(a) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Executive director and chief executive officer:					
Dr. Wang Kuifeng (i)	611	400	226	95	1,332
Executive directors:					
Mr. Zhou Baolei (vi)	1,430	—	—	134	1,564
Mr. Li Jiapeng (ii)	611	400	235	95	1,341
Dr. Zhang Guiping (iii) . . .	611	400	195	95	1,301
Ms. Ji Feihong (v)	265	43	—	88	396
Non-executive directors:					
Mr. Ai Xing (vii)	—	—	—	—	—
Ms. Shen Qin (viii)	—	—	—	—	—
Mr. Chen Gao (ix)	—	—	—	—	—
Mr. Lu Gang (x)	—	—	—	—	—
Total	<u>3,528</u>	<u>1,243</u>	<u>656</u>	<u>507</u>	<u>5,934</u>

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Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive director and chief executive officer: Dr. Wang Kuifeng (i)	612	410	–	101	1,123
Executive directors:					
Mr. Li Jiapeng (ii)	612	410	235	102	1,359
Dr. Zhang Guiping (iii)	612	410	194	102	1,318
Mr. Liu Guidong (iv)	731	190	–	101	1,022
Ms. Ji Feihong (v)	273	29	–	90	392
Non-executive directors:					
Mr. Ai Xing (vii)	–	–	–	–	–
Ms. Shen Qin (viii)	–	–	–	–	–
Mr. Chen Gao (ix)	–	–	–	–	–
Mr. Lu Gang (x)	–	–	–	–	–
Total.	2,840	1,449	429	496	5,214

Five months ended 31 May 2025 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive director and chief executive officer: Dr. Wang Kuifeng (i)	276	171	–	30	477
Executive directors:					
Mr. Li Jiapeng (ii)	276	171	84	29	560
Dr. Zhang Guiping (iii)	276	171	97	29	573
Mr. Liu Guidong (iv)	326	79	–	29	434
Ms. Ji Feihong (v)	131	12	–	29	172
Non-executive directors:					
Mr. Ai Xing (vii)	–	–	–	–	–
Ms. Shen Qin (viii)	–	–	–	–	–
Mr. Chen Gao (ix)	–	–	–	–	–
Mr. Lu Gang (x)	–	–	–	–	–
Total.	1,285	604	181	146	2,216

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Five months ended 31 May 2026

	Salaries, allowances and benefits in kind	Performance related bonus	Share-based payment expenses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director and chief executive officer:					
Dr. Wang Kuifeng (i)	728	122	40,255	30	41,135
Executive directors:					
Mr. Li Jiapeng (ii)	368	61	963	30	1,422
Dr. Zhang Guiping (iii)	368	61	963	30	1,422
Mr. Liu Guidong (iv)	328	55	120	30	533
Ms. Ji Feihong (v)	131	22	120	26	299
Non-executive directors:					
Mr. Ai Xing (vii)	–	–	–	–	–
Ms. Shen Qin (viii)	–	–	–	–	–
Mr. Chen Gao (ix)	–	–	–	–	–
Mr. Lu Gang (x)	–	–	–	–	–
Total.	1,923	321	42,421	146	44,811

Notes:

- (i) Dr. Wang Kuifeng was appointed as a director of the Company on 20 May 2014.
- (ii) Mr. Li Jiapeng was appointed as a director of the Company on 17 February 2020.
- (iii) Dr. Zhang Guiping was appointed as a director of the Company on 12 October 2020.
- (iv) Mr. Liu Guidong was appointed as a director of the Company on 31 December 2024.
- (v) Ms. Ji Feihong was appointed as a director of the Company on 30 December 2022.
- (vi) Mr. Zhou Baolei was appointed as a director of the Company on 28 May 2018 and resigned on 31 December 2024.
- (vii) Mr. Ai Xing was appointed as a director of the Company on 30 December 2022.
- (viii) Ms. Shen Qin was appointed as a director of the Company on 25 July 2022.
- (ix) Mr. Chen Gao was appointed as a director of the Company on 23 June 2020.
- (x) Mr. Lu Gang was appointed as a director of the Company on 29 March 2023.

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

During the Relevant Periods and the five months ended 31 May 2025, certain directors were granted share awards, in respect of their services to the Group, further details of which are set out in note 27 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’ and chief executive’s remuneration disclosures.

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the five months ended 31 May 2025 included 2, 3, 3 and 3 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration during the Relevant Periods and the five months ended 31 May 2025 for the remaining 3, 2, 2 and 2 highest paid employees, respectively, who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	4,933	3,678	1,602	2,457
Performance related bonus	1,400	520	217	8,366
Pension scheme contributions	291	269	59	59
Equity-settled share-based payment expenses	–	–	–	2,365
Total	6,624	4,467	1,878	13,247

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
HKD500,001 to HKD1,000,000	–	–	1	–
HKD1,000,001 to HKD1,500,000	1	–	1	–
HKD1,500,001 to HKD2,000,000	1	–	–	–
HKD2,000,001 to HKD2,500,000	–	1	–	–
HKD2,500,001 to HKD3,000,000	–	1	–	–
HKD3,500,001 to HKD4,000,000	1	–	–	1
HKD8,500,001 to HKD10,000,000	–	–	–	1
Total	3	2	2	2

During the Relevant Periods and the five months ended 31 May 2025, share awards were granted to the non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

11. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the People’s Republic of China and the respective regulations (the “CIT Law”), the group is subject to income tax at a rate of 25% on the taxable income during the Relevant Periods.

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A reconciliation of the tax expense applicable to loss/(profit) before tax at the statutory rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(Loss)/Profit before tax	(151,775)	(143,531)	(50,818)	410,313
Tax at the statutory tax rate (25%).	(37,944)	(35,883)	(12,705)	102,578
Tax effect of expenses not deductible for tax purposes	10,006	10,665	4,221	17,862
Withholding income tax paid.	–	–	–	55,742
Additional deductible allowance for qualified research and development costs.	(23,870)	(18,316)	(6,796)	(8,339)
Tax effect of deductible temporary differences and tax losses not recognised	51,808	43,534	15,280	248
Tax losses utilised from previous periods	–	–	–	(112,349)
Tax charge at the Group’s effective rate.	–	–	–	55,742

The Group has accumulated tax losses in Chinese mainland of RMB915,479,000, RMB1,089,615,000 and RMB640,219,000 at the end of each of the Relevant Periods, respectively, which would expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

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

12. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the five months ended 31 May 2025.

13. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The weighted average number of ordinary shares in issue during the Relevant Periods and the five months ended 31 May 2025 was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:0.9994 as upon transformation into a joint-stock company on 3 July 2025.

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods and the five months ended 31 May 2025.

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No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2025 and the five months ended 31 May 2025 in respect of a dilution as the impact of the redemption of the equity shares held by its Preferred Equity Interest Holders since its inclusion would be anti-dilutive. The calculation of the diluted earnings per share amount for the five months period ended 31 May 2026 is based on the profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the redemption liabilities on equity shares. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed redemption of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted (loss)/earning per share are based on:

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Earnings				
(Loss)/profit attributable to ordinary equity holders of the parent used in the basic (loss)/earnings per share calculation	(151,775)	(143,531)	(50,818)	354,571
Interest on redemption liabilities on equity shares	—	—	—	25,221
(Loss)/profit attributable to ordinary equity holders of the parent before interest on dilutive potential ordinary shares	<u>(151,775)</u>	<u>(143,531)</u>	<u>(50,818)</u>	<u>379,792</u>
Number of Shares				
	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
			<i>(unaudited)</i>	
Shares				
Weighted average number of ordinary shares outstanding during the year/period used in the basic (loss)/earnings per share calculation .	14,587,536	14,849,025	14,700,000	17,489,440
Effect of dilution — weighted average number of ordinary shares:				
Redemption liabilities on equity shares .	—	—	—	3,717,020
Total	<u>14,587,536</u>	<u>14,849,025</u>	<u>14,700,000</u>	<u>21,206,460</u>

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024					
At 1 January 2024					
Cost	22,728	3,248	691	23,131	49,798
Accumulated depreciation . .	(8,540)	(1,694)	(361)	(16,392)	(26,987)
Net carrying amount	14,188	1,554	330	6,739	22,811
At 1 January 2024, net of accumulated depreciation . .	14,188	1,554	330	6,739	22,811
Additions	40	31	–	–	71
Disposals.	(22)	(96)	–	(1,258)	(1,376)
Depreciation provided during the year	(4,080)	(638)	(131)	(5,231)	(10,080)
As at 31 December 2024, net of accumulated depreciation .	10,126	851	199	250	11,426
As at 31 December 2024					
Cost	22,737	3,150	691	20,869	47,447
Accumulated depreciation . .	(12,611)	(2,299)	(492)	(20,619)	(36,021)
Net carrying amount	10,126	851	199	250	11,426
	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025					
At 1 January 2025					
Cost	22,737	3,150	691	20,869	47,447
Accumulated depreciation . .	(12,611)	(2,299)	(492)	(20,619)	(36,021)
Net carrying amount	10,126	851	199	250	11,426
At 1 January 2025, net of accumulated depreciation . .	10,126	851	199	250	11,426
Additions	21	35	–	109	165
Disposals.	(57)	(3)	–	–	(60)
Depreciation provided during the year	(4,000)	(377)	(122)	(192)	(4,691)
As at 31 December 2025, net of accumulated depreciation .	6,090	506	77	167	6,840
As at 31 December 2025					
Cost	22,625	3,116	691	20,978	47,410
Accumulated depreciation . .	(16,535)	(2,610)	(614)	(20,811)	(40,570)
Net carrying amount	6,090	506	77	167	6,840

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	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Construction in Progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 May 2026						
At 1 January 2026						
Cost.	22,625	3,116	691	20,978	–	47,410
Accumulated depreciation.	(16,535)	(2,610)	(614)	(20,811)	–	(40,570)
Net carrying amount	6,090	506	77	167	–	6,840
At 1 January 2026, net of accumulated depreciation.	6,090	506	77	167	–	6,840
Additions	20	546	2,539	–	29,431	32,536
Depreciation provided during the period	(1,578)	(152)	(91)	(55)	–	(1,876)
As at 31 May 2026, net of accumulated depreciation.	4,532	900	2,525	112	29,431	37,500
As at 31 May 2026						
Cost.	22,645	3,662	3,230	20,978	29,431	79,946
Accumulated depreciation.	(18,113)	(2,762)	(705)	(20,866)	–	(42,446)
Net carrying amount	4,532	900	2,525	112	29,431	37,500

The Company

	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024					
At 1 January 2024					
Cost	20,900	2,995	691	20,869	45,455
Accumulated depreciation	(8,157)	(1,629)	(361)	(15,451)	(25,598)
Net carrying amount	12,743	1,366	330	5,418	19,857
At 1 January 2024, net of accumulated depreciation	12,743	1,366	330	5,418	19,857
Additions	40	31	–	–	71
Depreciation provided during the year	(3,737)	(598)	(131)	(5,168)	(9,634)
As at 31 December 2024, net of accumulated depreciation	9,046	799	199	250	10,294
As at 31 December 2024					
Cost	20,940	3,026	691	20,869	45,526
Accumulated depreciation	(11,894)	(2,227)	(492)	(20,619)	(35,232)
Net carrying amount	9,046	799	199	250	10,294

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	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025					
At 1 January 2025					
Cost	20,940	3,026	691	20,869	45,526
Accumulated depreciation . .	(11,894)	(2,227)	(492)	(20,619)	(35,232)
Net carrying amount	9,046	799	199	250	10,294
At 1 January 2025, net of accumulated depreciation . .	9,046	799	199	250	10,294
Additions	21	31	–	–	52
Disposals.	–	(3)	–	–	(3)
Depreciation provided during the year	(3,674)	(349)	(121)	(193)	(4,337)
As at 31 December 2025, net of accumulated depreciation.	5,393	478	78	57	6,006
As at 31 December 2025					
Cost	20,961	3,055	691	20,869	45,576
Accumulated depreciation . .	(15,568)	(2,577)	(613)	(20,812)	(39,570)
Net carrying amount	5,393	478	78	57	6,006
	Laboratory equipment	Office equipment and furniture	Motor vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 May 2026					
At 1 January 2026					
Cost	20,961	3,055	691	20,869	45,576
Accumulated depreciation . .	(15,568)	(2,577)	(613)	(20,812)	(39,570)
Net carrying amount	5,393	478	78	57	6,006
At 1 January 2026, net of accumulated depreciation . .	5,393	478	78	57	6,006
Additions	20	467	1,268	–	1,755
Depreciation provided during the period.	(1,444)	(146)	(71)	(55)	(1,716)
As at 31 May 2026, net of accumulated depreciation . .	3,969	799	1,275	2	6,045
As at 31 May 2026					
Cost	20,981	3,522	1,959	20,869	47,331
Accumulated depreciation . .	(17,012)	(2,723)	(684)	(20,867)	(41,286)
Net carrying amount	3,969	799	1,275	2	6,045

As at the end of each of the Relevant Periods, there were no pledged property, plant and equipment.

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15. LEASES

The Group and the company as a lessee

The Group has lease contracts for various items of laboratory and office premises and manufacture premise used in its operations. Leases of laboratory and office premises generally have lease terms of 3 years and lease of manufacture premise has lease term of 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Laboratory and office premises and manufacture premise
	<i>RMB’000</i>
As at 1 January 2024	3,499
Additions	5,848
Modification of a lease contract	3,147
Termination of a lease contract	(1,965)
Depreciation charge	(3,133)
As at 31 December 2024	<u>7,396</u>
As at 31 December 2024 and 1 January 2025	7,396
Depreciation charge	(2,998)
As at 31 December 2025	<u>4,398</u>
As at 31 December 2025 and 1 January 2026	4,398
Additions	3,013
Depreciation charge	(1,400)
As at 31 May 2026	<u>6,011</u>

The Company

	Laboratory and office premises
	<i>RMB’000</i>
As at 1 January 2024	1,070
Additions	5,848
Depreciation charge	(1,882)
As at 31 December 2024	<u>5,036</u>
As at 31 December 2024 and 1 January 2025	5,036
Depreciation charge	(1,949)
As at 31 December 2025	<u>3,087</u>
As at 31 December 2025 and 1 January 2026	3,087
Depreciation charge	(813)
As at 31 May 2026	<u>2,274</u>

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(b) Lease liabilities

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

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	3,829	7,371	5,460
Accretion of interest recognised during the year/period	197	232	84
Additions	5,848	–	3,013
Modification of a lease contract	3,147	–	–
Termination of a lease contract	(2,153)	–	–
Payments	(3,497)	(2,143)	(2,184)
Carrying amount at the end of the year/period	<u>7,371</u>	<u>5,460</u>	<u>6,373</u>
Analysed into:			
Current portion	2,847	3,994	4,208
Non-current portion	<u>4,524</u>	<u>1,466</u>	<u>2,165</u>

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	1,190	5,075	4,202
Accretion of interest recognised during the year/period	103	160	45
Additions	5,848	–	–
Payments	(2,066)	(1,033)	(1,721)
Carrying amount at the end of the year/period	<u>5,075</u>	<u>4,202</u>	<u>2,526</u>
Analysed into:			
Current portion	1,906	3,012	2,183
Non-current portion	<u>3,169</u>	<u>1,190</u>	<u>343</u>

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

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities.	197	232	110	84
Depreciation charge of right-of-use assets	3,133	2,998	1,249	1,400
Expenses relating to short-term leases and leases of low-value assets	265	264	6	70
Total amount recognised in profit or loss	<u>3,595</u>	<u>3,494</u>	<u>1,365</u>	<u>1,554</u>

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

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-current:			
Rental deposits.	808	808	808
Prepayments for Property, plant and equipment.	—	200	—
Total	<u>808</u>	<u>1,008</u>	<u>808</u>
Current:			
Prepayments.	2,863	2,944	6,590
Other receivables	25	1,025	1,546
Value-added tax recoverable	1,976	1,195	1,785
Deferred [REDACTED]	910	3,298	4,436
Total	<u>5,774</u>	<u>8,462</u>	<u>14,357</u>

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-current:			
Rental deposits.	<u>808</u>	<u>808</u>	<u>808</u>
Current:			
Prepayments.	2,845	2,844	6,334
Other receivables	20	1,020	1,317
Value-added tax recoverable	1,186	1,149	1,545
Deferred [REDACTED]	910	3,298	4,436
Total	<u>4,961</u>	<u>8,311</u>	<u>13,632</u>

The balances of other receivables are interest-free and are not secured with collateral.

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The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal.

17. DEBT INVESTMENTS AT FVTOCI

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Certificates of deposits	31,501	—	—

The amounts of certificates of deposits represented deposits issued by banks in Chinese mainland. They are classified and measured at FVTOCI as they are held within the business model whose objective is achieved by both collecting contractual cashflows and selling financial assets.

18. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Structured deposits	—	35,004	551,462

The amounts of structured deposits represented short-term principal-protected investments issued by banks in Chinese mainland with no guaranteed return. The expected return rates of these structured deposits were ranged from 0.36% to 2.44% per annum during the Relevant Periods.

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Structured deposits	—	—	541,460

The amounts of structured deposits represented short-term principal-protected investments issued by banks in Chinese mainland with no guaranteed return. The expected return rates of these structured deposits were ranged from 0.65% to 2.44% per annum during the Relevant Periods.

19. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and bank balances	24,773	69,466	98,270
Bank deposits	—	—	7,000
Subtotal	24,773	69,466	105,270
Less: Restricted bank deposits:			
Restricted bank deposits for foreign currency swaps	—	—	(7,000)
Total	24,773	69,466	98,270

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	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents.	24,773	69,466	98,270
Denominated in:			
RMB	20,185	69,372	75,179
USD	4,588	94	3,797
HKD	—	—	19,294
Total	24,773	69,466	98,270

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	24,641	54,683	80,973
Bank deposits.	—	—	7,000
Subtotal	24,641	54,683	87,973
Less: Restricted bank deposits:			
Restricted bank deposits for foreign currency swaps	—	—	(7,000)
Total	24,641	54,683	80,973

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents.	24,641	54,683	80,973
Denominated in:			
RMB	20,053	54,589	57,882
USD	4,588	94	3,797
HKD	—	—	19,294
Total	24,641	54,683	80,973

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

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

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20. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Foreign currency swaps	—	—	5,067

The amounts of financial liabilities at FVTPL represented the fair value as at 31 May 2026 of the outstanding foreign currency swaps agreements purchased in March 2026 from banks in Chinese mainland, which are not designated as hedging instruments.

21. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade payables	5,164	1,598	2,407
Accrued expenses for research and development services	10,265	9,309	13,554
Salary and bonus payables	7,122	10,527	4,944
Other payables	2,409	8,701	4,395
Payables for property, plant and equipment	—	—	6,821
Accrued [REDACTED]	2,136	9,696	7,203
Other taxes payable	1,730	2,716	706
Contract liabilities	24	15	15
Interest payable	40	54	—
Total	28,890	42,616	40,045

The Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade payables	5,164	1,598	2,407
Accrued expenses for research and development services	10,265	9,309	13,554
Salary and bonus payables	5,106	8,206	3,314
Other payables	2,143	8,681	4,372
Accrued [REDACTED]	2,136	9,696	7,203
Other taxes payable	1,656	2,403	594
Contract liabilities	15	15	15
Interest payable	40	54	—
Total	26,525	39,962	31,459

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

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 3 months	5,164	1,598	2,407

Trade and other payables are unsecured, non-interest-bearing and repayable on demand.

22. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December						As at 31 May		
	2024			2025			2026		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans secured	—	—	—	3.20	2026	5,004	3.20	2026	5,053
Current portion of long-term bank — loans unsecured	—	—	—	—	—	—	2.90	2027	1,009
Current portion of long-term bank loans — secured	2.90–3.90	2025	17,020	2.45–3.50	2026	31,176	3.00–3.50	2026–2027	37,930
Total-current			17,020			36,180			43,992
Non-current									
Secured bank loans	2.90–3.90	2026–2027	58,480	3.10–3.50	2027	32,200	—	—	—
Unsecured bank loans	—	—	—	—	—	—	2.90	2028–2029	9,000
Total			75,500			68,380			52,992

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year	17,020	36,180	43,992
In the second year	30,980	32,200	1,000
In the third to fifth years, inclusive	27,500	—	8,000
Total	75,500	68,380	52,992

Notes:

- The Group’s bank borrowings were guaranteed by the Company’s executive director, Dr. Wang Kuifeng or both Dr. Wang Kuifeng and his spouse.
- All borrowings are denominated in RMB.

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23. DEFERRED TAX

The Group

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

Deferred tax assets

	Leases liabilities	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	869	—	869
Deferred tax credited to profit or loss	974	6	980
Gross deferred tax assets at 31 December 2024	1,843	6	1,849
As at 31 December 2024 and 1 January 2025	1,843	6	1,849
Deferred tax charged to profit or loss	(744)	(6)	(750)
Gross deferred tax assets at 31 December 2025	1,099	—	1,099
As at 31 December 2025 and 1 January 2026	1,099	—	1,099
Deferred tax credited to profit or loss	404	—	404
Gross deferred tax assets at 31 May 2026	1,503	—	1,503

Deferred tax liabilities

	Right-of-use assets
	<i>RMB'000</i>
As at 1 January 2024	875
Deferred tax charged to profit or loss	974
Gross deferred tax liabilities at 31 December 2024	1,849
As at 31 December 2024 and 1 January 2025	1,849
Deferred tax credited to profit or loss	(750)
Gross deferred tax liabilities at 31 December 2025	1,099
As at 31 December 2025 and 1 January 2026	1,099
Deferred tax charged to profit or loss	404
Gross deferred tax liabilities at 31 May 2026	1,503

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

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

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The Company

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

Deferred tax assets

	Leases liabilities
	<i>RMB’000</i>
As at 1 January 2024	268
Deferred tax credited to profit or loss	991
Gross deferred tax assets at 31 December 2024	<u>1,259</u>
As at 31 December 2024 and 1 January 2025	1,259
Deferred tax charged to profit or loss	(486)
Gross deferred tax assets at 31 December 2025	<u>773</u>
As at 31 December 2025 and 1 January 2026	773
Deferred tax charged to profit or loss	(204)
Gross deferred tax assets at 31 May 2026	<u>569</u>

Deferred tax liabilities

	Right-of-use assets
	<i>RMB’000</i>
As at 1 January 2024	268
Deferred tax charged to profit or loss	991
Gross deferred tax liabilities at 31 December 2024	<u>1,259</u>
As at 31 December 2024 and 1 January 2025	1,259
Deferred tax credited to profit or loss	(486)
Gross deferred tax liabilities at 31 December 2025	<u>773</u>
As at 31 December 2025 and 1 January 2026	773
Deferred tax credited to profit or loss	(204)
Gross deferred tax liabilities at 31 May 2026	<u>569</u>

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

	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Net deferred tax assets recognised in the Company’s statement of financial position .	—	—	—
Net deferred tax liabilities recognised in the Company’s statement of financial position .	—	—	—

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24. REDEMPTION LIABILITIES ON EQUITY SHARES

The Group and the Company

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Series angel	3,000	3,000	3,000
Series pre-A	26,224	26,224	26,224
Series A	190,500	190,500	190,500
Series B	214,000	214,000	214,000
Series B1	30,000	30,000	30,000
Series B2	30,000	30,000	30,000
Series B3	–	110,500	110,500
Series B4	–	22,000	198,300
Interest payable related to redemption liabilities	121,347	162,122	188,310
Total	615,071	788,346	990,834

Pursuant to a capital injection agreement dated 25 May 2018, the series angel investors subscribed for the increased registered capital of RMB500,000 of the Company at a total consideration of RMB3,000,000.

Pursuant to a capital injection agreements dated 16 January 2020 and 12 June 2020, the series pre-A investors subscribed for the increased registered capital of RMB1,632,000 of the Company at a total consideration of RMB26,224,000.

Pursuant to a capital injection agreement dated 18 May 2021, the series A investors subscribed for the increased registered capital of RMB2,610,000 of the Company at a total consideration of RMB190,500,000.

Pursuant to a capital injection agreement dated 26 January 2022 and a supplement capital injection agreement dated 1 April 2022, the series B investors subscribed for the increased registered capital of RMB1,783,000 of the Company at a total consideration of RMB214,000,000.

Pursuant to a capital injection agreement dated 30 December 2022, the series B1 investors subscribed for the increased registered capital of RMB250,000 of the Company at a total consideration of RMB30,000,000.

Pursuant to a capital injection agreement dated 23 May 2024, the series B2 investor subscribed for the increased registered capital of RMB250,000 of the Company at a total consideration of RMB30,000,000.

Pursuant to a capital injection agreement dated 22 October 2025, the series B3 investors subscribed for the increased 1,032,035 shares of the Company at a total consideration of RMB110,500,000.

Pursuant to a capital injection agreement dated 19 December 2025, certain series B4 investors subscribed for the increased 1,852,060 shares of the Company at a total consideration of RMB198,300,000.

Series angel, series pre-A, series A, series B, series B1 and series B2, series B3 and series B4 investors are collectively referred as the Preferred Equity Interest Holders.

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Significant terms of the equity interests above that will impact the accounting treatment of the Group are outlined below:

(a) Redemption feature

The Company completed series angel, series pre-A, series A, series B, series B1, series B2, series B3 and series B4 financing since its incorporation. Pursuant to the shareholder agreement, the interest held by the Preferred Equity Interest Holders shall be redeemable by the Company upon the failure to consummate a qualified IPO by a specific date.

The redemption amount is calculated as the higher of (i) the net assets of the Company held by the investors in proportion to the equity interest; and (ii) the investment principal plus the increase of a simple interest rate of eight percent per annum of their investments held by the investor minus accumulated dividends to the shareholding period.

Pursuant to the supplemental agreement to the series B4 shareholder agreement entered into among all the shareholders and the Company dated 2 April 2026, the redemption right was terminated provided that such special right shall be automatically reinstated in the event where the Company fails to complete the qualified IPO at 31 December 2027.

(b) Presentation and Classification

The Group had consistently recognised the equity interests above as redemption liabilities on equity shares measured at amortised cost.

The movements of the Redemption liabilities on equity shares are set out below:

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	As at 31 December		As at 31 May
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	546,681	615,071	788,346
New issue	30,000	132,500	176,300
Accretion of interests	38,390	40,775	26,188
Carrying amount at the end of the year/period	615,071	788,346	990,834

25. PAID-IN CAPITAL/SHARE CAPITAL

The Company was incorporated on 20 May 2014 as a limited company under the laws of the PRC. As at 31 May 2026, the authorised share capital of the Company was RMB17,584,000.

Pursuant to the shareholders’ resolutions in April 2025 and the shareholders’ agreement dated 24 April 2025, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liability with 14,700,000 shares in a nominal value of RMB1.00 each. The net assets of the Company as of 30 November 2024 under PRC GAAP audited by an independent auditor were converted into 14,700,000 ordinary shares at RMB1.00 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The remaining amount was converted into share premium. Upon the completion of registration with the Administration for Market Regulation of Suzhou on 3 July 2025, the Company was converted into a joint-stock company with limited liability.

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A summary of movements in the paid-in capital/share capital during the Relevant Periods are as follows:

	Paid-in capital	Share capital
	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2024	12,865	–
Additions (<i>note 23</i>).	250	–
As at 31 December 2024 and 1 January 2025.....	13,115	–
Conversion into a joint stock company.	(13,115)	14,700
Capital injection from shareholders	–	1,238
At 31 December 2025 and 1 January 2026	–	15,938
Capital injection from shareholders	–	1,646
At 31 May 2026.....	–	17,584

26. DEFICITS

The Group

The amounts of the Group’s reserves and the movements therein are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium of the Group represents: 1) the difference between the share capital and the consideration received, and 2) the remaining amount of the net assets of the Company as of 30 November 2024 under PRC GAAP after conversion into 14,700,000 ordinary shares at RMB1.00 each.

(b) Capital reserve

The capital reserve of the Group represents the difference between the paid-in capital/share capital and the consideration received.

(c) Share-based payment reserve

The share-based payment reserve represents the share-based payments as set out in note 27 to the Historical Financial Information.

(d) Other reserves

Other reserves of the Group represent the principal of the redemption liabilities on equity shares as stipulated in note 24 to the Historical Financial Information.

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Year ended 31 December 2024

	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	461,506	(463,724)	3,530	(467,777)	(466,465)
Loss for the year	–	–	–	(172,503)	(172,503)
Capital injection from a shareholder	29,750	–	–	–	29,750
Recognition of redemption liabilities on equity shares	–	(30,000)	–	–	(30,000)
Equity-settled share-based payment expenses	–	–	703	–	703
At 31 December 2024	<u>491,256</u>	<u>(493,724)</u>	<u>4,233</u>	<u>(640,280)</u>	<u>(638,515)</u>

Year ended 31 December 2025

	Share premium	Capital reserve	Other reserve	Share-based payment reserve	Accumulated losses	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	–	491,256	(493,724)	4,233	(640,280)	(638,515)
Loss for the year	–	–	–	–	(142,233)	(142,233)
Equity-settled share-based payments expenses	–	–	–	476	–	476
Conversion into a joint stock company	8	(491,256)	–	(4,193)	493,856	(1,585)
Capital injection from shareholders	131,262	–	(132,500)	–	–	(1,238)
At 31 December 2025	<u>131,270</u>	<u>–</u>	<u>(626,224)</u>	<u>516</u>	<u>(288,657)</u>	<u>(783,095)</u>

Five months ended 31 May 2026

	Share premium	Other reserve	Share-based payment reserve	(Accumulated Losses)/Retained Earnings	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	131,270	(626,224)	516	(288,657)	(783,095)
Profit for the period	–	–	–	356,167	356,167
Equity-settled share-based payments expenses . .	–	–	44,948	–	44,948
Capital injection from shareholders	174,654	(176,300)	–	–	(1,646)
At 31 May 2026	<u>305,924</u>	<u>(802,524)</u>	<u>45,464</u>	<u>67,510</u>	<u>(383,626)</u>

27. SHARE-BASED PAYMENTS TRANSACTIONS

In July and September 2020, RMB373,720 of paid-in capital of the Company were granted to 3 selected employees of the Group through Suzhou Kaihao Technology Consulting Partnership Enterprise (L.P.) at no consideration with a service period from the grant date to the date of application for a qualified IPO.

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During the Relevant Periods, RMB10,375 of paid-in capital of the Company were transferred to Dr. Wang Kuifeng through Suzhou Ruihao Technology Consulting Partnership Enterprise (L.P.) at a consideration of RMB450,000. As the consideration paid by Dr. Wang Kuifeng was lower than the fair value of the paid-in-capital, the Group deemed this transaction as equity-settled share-based compensation.

In January 2026, the Company granted 200,796 shares of the Company to 7 selected employees of the Group through Suzhou Qianqin Technology Consulting Partnership Enterprise (L.P.) at a consideration of RMB16,000 in total with a period from the grant date to the later of the third/seventh anniversary since the employment or the first anniversary since the Company’s [REDACTED]. In addition, the Company granted 636,957 shares of the Company to Dr. Wang Kuifeng and other selected employee of the Group through Suzhou Qianqin Technology Consulting Partnership Enterprise (L.P.) at a consideration of RMB750,000 in total without any further conditions.

The fair value of services received in return for the paid-in capital/share capital granted is measured by reference to the fair value of the paid-in capital granted less the consideration received by the Group. The fair value of the paid-in capital/share capital granted is measured at the grant date by using the back-solve method to determine the underlying equity value of the Group and by adopting the equity [REDACTED] model to determine the fair values of the paid-in capital/share capital as of the dates of issuance.

The total share-based payment expenses relating to the equity-settled share-based compensation recognised in profit or loss were approximately RMB703,000, RMB476,000, RMB44,948,000 and RMB201,000 (unaudited) during the Relevant Periods and the five months ended 31 May 2025, respectively.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets of RMB8,995,000, nil, RMB3,013,000 and nil (unaudited) and non-cash additions to lease liabilities of RMB8,995,000, nil, RMB3,013,000 and nil (unaudited) in respect of lease arrangements for laboratory and office premises and manufacture premise.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2024

	Interest payable	Bank borrowings	Lease liabilities	Redemption liabilities on equity shares	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023 and 1 January 2024	43	47,000	3,829	546,681	597,553
Changes from financing cash flows	(2,525)	28,500	(3,497)	30,000	52,478
New lease	–	–	5,848	–	5,848
Modification of a lease contract	–	–	3,147	–	3,147
Termination of a lease contract	–	–	(2,153)	–	(2,153)
Accretion of interest	2,522	–	197	38,390	41,109
At 31 December 2024	40	75,500	7,371	615,071	697,982

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Year ended 31 December 2025

	Interest payable	Bank borrowings	Lease liabilities	Redemption liabilities on equity shares	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2024 and 1 January 2025	40	75,500	7,371	615,071	697,982
Changes from financing cash flows	(2,508)	(7,120)	(2,143)	132,500	120,729
Accretion of interest	2,522	–	232	40,775	43,529
At 31 December 2025	54	68,380	5,460	788,346	862,240

Five months ended 31 May 2025 (unaudited)

	Interest payable	Bank borrowings	Lease liabilities	Redemption liabilities on equity shares	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2024 and 1 January 2025	40	75,500	7,371	615,071	697,982
Changes from financing cash flows	(774)	1,500	(979)	–	(253)
Accretion of interest	734	320	110	16,340	17,504
At 31 May 2025	–	77,320	6,502	631,411	715,233

Five months ended 31 May 2026

	Interest payable	Bank borrowings	Lease liabilities	Redemption liabilities on equity shares	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2025 and 1 January 2026	54	68,380	5,460	788,346	862,240
Changes from financing cash flows	(737)	(15,600)	(2,184)	176,300	157,779
New lease	–	–	3,013	–	3,013
Accretion of interest	683	212	84	26,188	27,167
At 31 May 2026	–	52,992	6,373	990,834	1,050,199

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(c) Total cash outflow for leases

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities.	265	264	6	70
Within financing activities.	3,497	2,143	979	2,184
Total	3,762	2,407	985	2,254

29. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Leasehold improvements.	—	246	—
Property, plant and equipment.	—	200	8,010
Total	—	446	8,010

30. RELATED PARTY TRANSACTIONS

(a) Name and relationships of the related parties

Name	Relationship with the Group
Dr. Wang Kuifeng.	Chief executive
Dr. Mike Liu	Key management personnel
Dr. Wang Haidan	Key management personnel

(b) In addition to the transactions detailed in note 22 to the financial statements, the Group had the following transactions with related parties during the Relevant Periods and the five months ended 31 May 2025:

The Group and the Company

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loan to chief executive (note a)	9,000	3,000	3,000	—
Interest from chief executive (note a) . .	192	196	153	—

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(c) Outstanding balances with related parties:

The Group

	As at 31 December		As at 31 May
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Amount due from a related party (<i>note a</i>) . . .	9,192	—	—
Trade and other payables (<i>note b</i>)			
Dr. Mike Liu.	45	90	—
Dr. Wang Haidan.	—	1,300	500
Dr. Wang Kuifeng	—	62	2

Notes:

a. The Group provided loans of RMB9,000,000 to the chief executive at an interest rate of 3.45% with the original terms from the date on receiving the loans by the chief executive to 31 December 2024. In December 2024, March 2025 and June 2025, the loan contracts were renewed and the maturity dates were extended to 31 July 2025. The balance as at 31 December 2024 were non-trade in nature and the loans of RMB9,000,000 were settled in July 2025.

The Group provided a loan of RMB3,000,000 to the chief executive at an interest rate of 3.10% with the original terms from 2 January 2025 to 31 March 2025. In March 2025, the loan contract was renewed and the maturity date was extended to 30 June 2025 and was settled at 25 June 2025.

b. The balance due to key management personnel as at 31 December 2024 and 2025 and 31 May 2026 represented the government subsidies which were received by the Company on behalf of the key management personnel. The balances as at 31 December 2024 and 2025 and 31 May 2026 were non-trade in nature and were paid subsequently.

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

	Year ended 31 December		Five months ended 31 May	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	9,333	7,773	3,475	5,003
Performance related bonus	3,306	2,112	880	8,791
Pension scheme contributions	1,140	1,069	293	292
Share-based payment expenses	656	429	181	44,827
Total	14,435	11,383	4,829	58,913

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

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31. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Debt investments		
	RMB'000	RMB'000	RMB'000
Debt investments at FVTOCI	31,501	–	31,501
Amount due from a related party	–	9,192	9,192
Trade receivables	–	250	250
Financial assets included in prepayments, other receivables and other assets	–	833	833
Cash and cash equivalents	–	24,773	24,773
Total	31,501	35,048	66,549

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Financial liabilities included in trade and other payables	20,014
Interest-bearing bank borrowings	75,500
Redemption liabilities on equity shares	615,071
Total	710,585

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL	35,004	–	35,004
Trade receivables	–	525	525
Financial assets included in prepayments, other receivables and other assets	–	1,833	1,833
Cash and cash equivalents	–	69,466	69,466
Total	35,004	71,824	106,828

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Financial liabilities included in trade and other payables.	29,358
Interest-bearing bank borrowings.	68,380
Redemption liabilities on equity shares	788,346
Total	<u>886,084</u>

As at 31 May 2026

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such	Financial assets at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial assets at FVTPL.	551,462	–	551,462
Trade receivables	–	164	164
Financial assets included in prepayments, other receivables and other assets.	–	2,354	2,354
Cash and cash equivalents.	–	98,270	98,270
Restricted bank deposits	–	7,000	7,000
Total	<u>551,462</u>	<u>107,788</u>	<u>659,250</u>

Financial liabilities

	Held for trading	Financial liabilities at amortised cost	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Financial liabilities included in trade and other payables.	–	27,559	27,559
Interest-bearing bank borrowings.	–	52,992	52,992
Redemption liabilities on equity shares	–	990,834	990,834
Financial liabilities at FVTPL	5,067	–	5,067
Total	<u>5,067</u>	<u>1,071,385</u>	<u>1,076,452</u>

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group’s financial instruments approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), amount due from a related party, financial liabilities included in trade and other payables, interest-bearing bank borrowings (in the current portion) and redemption liabilities on equity shares approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 and 2025 and 31 May 2026 were assessed to be insignificant.

The Group enters into financial liabilities at FVTPL with banks in Chinese Mainland. Financial liabilities at FVTPL, representing foreign currency swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including foreign exchange spot and forward rates.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

Fair value measurement using			
Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
<i>RMB’000</i> (Level 1)	<i>RMB’000</i> (Level 2)	<i>RMB’000</i> (Level 3)	<i>RMB’000</i>
Debt investments at FVTOCI .	–	31,501	–
			31,501

As at 31 December 2025

Fair value measurement using			
Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
<i>RMB’000</i> (Level 1)	<i>RMB’000</i> (Level 2)	<i>RMB’000</i> (Level 3)	<i>RMB’000</i>
Financial assets at FVTPL . . .	–	35,004	–
			35,004

As at 31 May 2026

Fair value measurement using			
Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
<i>RMB’000</i> (Level 1)	<i>RMB’000</i> (Level 2)	<i>RMB’000</i> (Level 3)	<i>RMB’000</i>
Financial assets at FVTPL . . .	–	551,462	–
			551,462

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Liabilities measured at fair value:

As at 31 May 2026

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	<i>RMB'000</i> (Level 1)	<i>RMB'000</i> (Level 2)	<i>RMB'000</i> (Level 3)
Financial liabilities at FVTPL.	–	–	5,067
			Total
			<i>RMB'000</i>
			5,067

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2025.

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

The movements in fair value measurements in Level 3 during the year are as follows:

	Foreign currency swaps
	<i>RMB'000</i>
At 1 January 2026	–
Total losses recognised in other expenses	5,067
At 31 May 2026	5,067

Below is a summary of significant unobservable inputs to the valuation of financial liabilities at FVTPL together with a quantitative sensitivity analysis as at 31 May 2026:

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Foreign currency swaps	Monte Carlo Simulation	Estimated foreign currency exchange rates	6.8051 -6.8134	1% increase/(decrease) in multiple would result in increase/(decrease) in fair value by RMB5,000/RMB(5,000)

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate.

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s interest-bearing bank borrowings with a floating interest rate. The Group does not use derivative financial instruments to hedge its interest rate risk.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s (loss)/profit before tax (through the impact on floating rate borrowings) and the Group’s equity.

	Increase/(decrease) in basis points	(Increase) /decrease in loss before tax <i>RMB’000</i>	(Decrease)/Increase in equity <i>RMB’000</i>
31 December 2024			
RMB-denominated borrowings.	50	(25)	(25)
RMB-denominated borrowings.	(50)	25	25
31 December 2025			
RMB-denominated borrowings.	50	(299)	(299)
RMB-denominated borrowings.	(50)	299	299
31 May 2026			
RMB-denominated borrowings.	50	(110)	(110)
RMB-denominated borrowings.	(50)	110	110

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from changes in exchange rates.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group’s (loss)/profit before tax (arising from USD, HKD and RMB denominated financial instruments) and the Group’s equity.

	Increase/(decrease) in rate of foreign currency %	(Decrease)/increase in loss before tax <i>RMB’000</i>	Increase/ (decrease) in equity <i>RMB’000</i>
31 December 2024			
If RMB weakens against USD.	5	(230)	230
If RMB strengthens against USD.	(5)	230	(230)
31 December 2025			
If RMB weakens against USD.	5	(5)	5
If RMB strengthens against USD.	(5)	5	(5)
31 May 2026			
If RMB weakens against USD.	5	25,311	25,311
If RMB strengthens against USD.	(5)	(24,156)	(24,156)
If RMB weakens against HKD	5	965	965
If RMB strengthens against HKD	(5)	(965)	(965)

Credit risk

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

The credit risk of the Group’s financial assets, which comprise cash and cash equivalents, trade receivables, financial assets included in prepayments, other receivables and other assets, amount due from a related party and debt investments at FVTOCI, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

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Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Debt investments at FVTOCI	31,501	–	–	–	31,501
Amount due from a related party	9,192	–	–	–	9,192
Trade receivables	–	–	–	250	250
Financial assets included in prepayments, other receivables and other assets	833	–	–	–	833
Cash and cash equivalents	24,773	–	–	–	24,773
Total	66,299	–	–	250	66,549

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables	–	–	–	525	525
Financial assets included in prepayments, other receivables and other assets	1,833	–	–	–	1,833
Cash and cash equivalents	69,466	–	–	–	69,466
Total	71,299	–	–	525	71,824

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As at 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	164	164
Financial assets included in prepayments, other receivables and other assets	2,354	–	–	–	2,354
Cash and cash equivalents	98,270	–	–	–	98,270
Restricted bank deposits . .	7,000	–	–	–	7,000
Total	107,624	–	–	164	107,788

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risks within the Group as the balance of cash and cash equivalents was deposited in a few financial institutions. As at the end of each of the Relevant Periods, the above-mentioned balances were deposited in financial institutions with high quality without significant credit risk.

Liquidity risk

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

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

	31 December 2024			
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in trade and other payables	17,878	–	–	17,878
Interest-bearing bank borrowings	17,353	62,027	–	79,380
Lease liabilities	3,177	4,660	–	7,837
Redemption liabilities on equity shares	615,071	–	–	615,071
Total	653,479	66,687	–	720,166

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31 December 2025				
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in trade and other payables.	29,358	–	–	29,358
Interest-bearing bank borrowings	37,955	32,226	–	70,181
Lease liabilities.	4,210	1,483	–	5,693
Redemption liabilities on equity shares	788,346	–	–	788,346
Total	859,869	33,709	–	893,578

31 May 2026				
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in trade and other payables.	27,559	–	–	27,559
Interest-bearing bank borrowings	44,689	9,881	–	54,570
Lease liabilities.	4,356	2,279	–	6,635
Redemption liabilities on equity shares	990,834	–	–	990,834
Financial liabilities at FVTPL	5,067	–	–	5,067
Total	1,072,505	12,160	–	1,084,665

Capital management

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

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

34. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the resolutions of shareholders of the Company dated 13 January 2026, the shares of the Company will be split on a one-for-ten basis immediately prior to the [REDACTED] of the H Shares on the Stock Exchange, and the nominal value of the shares will be changed from RMB1.0 each to RMB0.1 each. Immediately after the share subdivision, the share capital of the Company will be RMB17,584,095 with 175,840,950 shares in a nominal value of RMB0.1 each.

35. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 May 2026.