

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 SHENZHEN IMMUNOFOCO BIOTECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shenzhen Immunofoco Biotechnology Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-3 to I-39, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 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 30 June 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-3 to I-39 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants’ Reports on Historical Financial Information in Investment Circulars* 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.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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 six months ended 30 June 2025 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation 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* as 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 [REDACTED] of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

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

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Other income and gains	5	3,360	4,019	1,746	6,632
Research and development costs		(54,440)	(77,941)	(25,552)	(82,203)
Administrative expenses		(18,753)	(39,802)	(10,588)	(33,096)
Other expenses		(250)	—	—	—
Finance costs	7	(1,229)	(1,048)	(691)	(235)
LOSS BEFORE TAX	6	(71,312)	(114,772)	(35,085)	(108,902)
Income tax expense	10	—	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD . .		<u>(71,312)</u>	<u>(114,772)</u>	<u>(35,085)</u>	<u>(108,902)</u>
Attributable to:					
Owners of the parent		<u>(71,312)</u>	<u>(114,772)</u>	<u>(35,085)</u>	<u>(108,902)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	12	<u>(3.24)</u>	<u>(4.16)</u>	<u>(1.47)</u>	<u>(2.34)</u>

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

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	19,967	22,498	29,348
Other intangible assets	14	—	—	353
Right-of-use assets	15	4,094	5,300	5,515
Prepayments, other receivables and other assets	16	12,993	19,692	24,109
Time deposits	17	—	10,107	10,221
Total non-current assets		37,054	57,597	69,546
CURRENT ASSETS				
Prepayments, other receivables and other assets	16	4,399	8,690	9,256
Cash and cash equivalents	17	52,464	238,203	401,854
Amounts due from a related party	28	222	—	—
Financial assets at fair value through profit or loss (“FVTPL”)	18	63,183	195,270	70,307
Total current assets		120,268	442,163	481,417
CURRENT LIABILITIES				
Trade and other payables	19	20,134	37,506	38,321
Interest-bearing bank borrowings	20	44,942	13,510	—
Amounts due to a related party	28	—	—	10
Lease liabilities	15	1,463	2,528	3,297
Deferred income	21	—	52	52
Total current liabilities		66,539	53,596	41,680
NET CURRENT ASSETS		53,729	388,567	439,737
TOTAL ASSETS LESS CURRENT LIABILITIES				
		90,783	446,164	509,283
NON-CURRENT LIABILITIES				
Lease liabilities	15	3,164	3,253	2,614
Deferred income	21	280	359	333
Total non-current liabilities		3,444	3,612	2,947
Net assets		87,339	442,552	506,336
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	23	21,989	43,477	—
Share capital	23	-	-	47,481
Reserves	25	65,350	399,075	458,855
Total equity		87,339	442,552	506,336

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

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Accumulated losses*	Total
	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i>
At 1 January 2024	21,989	328,303	4,086	(196,968)	157,410
Loss and total comprehensive loss for the year	—	—	—	(71,312)	(71,312)
Equity-settled share-based payments (<i>note 24</i>)	—	—	1,241	—	1,241
At 31 December 2024	<u>21,989</u>	<u>328,303</u>	<u>5,327</u>	<u>(268,280)</u>	<u>87,339</u>

Year ended 31 December 2025

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Accumulated losses*	Total
	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i>
At 1 January 2025	21,989	328,303	5,327	(268,280)	87,339
Loss and total comprehensive loss for the year	—	—	—	(114,772)	(114,772)
Capital contributions from shareholders (<i>note 23</i>) . . .	21,488	441,632	—	—	463,120
Equity-settled share-based payments (<i>note 24</i>)	—	—	6,865	—	6,865
Exercise of share rewards . .	—	5,254	(5,254)	—	—
At 31 December 2025	<u>43,477</u>	<u>775,189</u>	<u>6,938</u>	<u>(383,052)</u>	<u>442,552</u>

Six months ended 30 June 2025

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	21,989	328,303	5,327	(268,280)	87,339
Loss and total comprehensive loss for the period (unaudited) . . .	—	—	—	(35,085)	(35,085)
Capital contributions from shareholders (unaudited) (<i>note 23</i>)	3,536	96,464	—	—	100,000

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	Attributable to owners of the parent				
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity-settled share-based payments (unaudited) <i>(note 24)</i>	—	—	637	—	637
At 30 June 2025 (unaudited)	<u>25,525</u>	<u>424,767</u>	<u>5,964</u>	<u>(303,365)</u>	<u>152,891</u>

Six months ended 30 June 2026

	Attributable to owners of the parent						
	Paid-in capital	Share capital	Capital reserve*	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 23)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i> <i>(note 25)</i>	<i>RMB'000</i>
At 1 January 2026	43,477	—	775,189	—	6,938	(383,052)	442,552
Loss and total comprehensive loss for the period	—	—	—	—	—	(108,902)	(108,902)
Conversion into a joint stock company	(43,477)	43,477	(775,189)	562,772	—	212,417	—
Issue of shares <i>(note 23)</i>	—	4,004	—	164,076	—	—	168,080
Equity-settled share-based payments <i>(note 24)</i>	—	—	—	—	4,606	—	4,606
Exercise of share rewards	—	—	—	5,254	(5,254)	—	—
At 30 June 2026	<u>—</u>	<u>47,481</u>	<u>—</u>	<u>732,102</u>	<u>6,290</u>	<u>(279,537)</u>	<u>506,336</u>

* These reserve accounts comprised the consolidated reserves of RMB65,350,000, RMB399,075,000 and RMB458,855,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Loss before tax		(71,312)	(114,772)	(35,085)	(108,902)
Adjustments for:					
Finance costs	7	1,229	1,048	691	235
Interest income	5	(533)	(620)	(212)	(481)
Gain on lease termination, net	5	—	(320)	—	—
Gain on fair value changes of financial assets at FVTPL	5	(1,703)	(1,603)	(758)	(2,463)
Depreciation of property, plant and equipment	6	5,048	5,314	2,563	2,712
Depreciation of right-of-use assets	6	1,744	2,087	1,022	1,367
Amortisation of other intangible assets		—	—	—	17
Share-based payment expenses	6	1,241	6,865	637	4,606
(Increase)/decrease in prepayments, other receivables and other assets		(1,528)	(8,504)	344	(7,296)
Decrease in amounts due from a related party		—	222	—	—
Increase/(decrease) in deferred income		280	131	—	(26)
Increase/(decrease) in trade and other payables		5,426	11,513	(1,626)	8,214
Increase in amounts due to a related party		—	—	—	10
Cash used in operations		(60,108)	(98,639)	(32,424)	(102,007)
Interest received		533	513	212	367
Net cash flows used in operating activities		(59,575)	(98,126)	(32,212)	(101,640)
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(2,025)	(9,156)	(144)	(7,835)
Purchases of items of other intangible assets		—	—	—	(370)
Purchases of time deposits with maturity over one year		—	(10,000)	—	—
Purchases of financial assets at FVTPL		(313,000)	(629,500)	(201,500)	(465,000)
Proceeds from financial assets at FVTPL		281,527	499,016	158,668	592,426
Net cash flows (used in)/from investing activities		(33,498)	(149,640)	(42,976)	119,221

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		Year ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Payments of lease liabilities		(1,563)	(2,078)	(839)	(1,570)
New interest-bearing bank					
borrowings		44,900	13,500	13,500	–
Repayment of interest-bearing					
bank borrowings		(20,000)	(44,900)	(37,900)	(13,500)
Interest on bank borrowings		(1,032)	(821)	(585)	(127)
Payment of [REDACTED]					
expenses		–	(436)	–	(2,000)
Capital contributions from					
shareholders		–	473,031	100,000	–
Issue of shares		–	–	–	175,000
Share issuance expenses paid		–	(4,791)	–	(11,733)
Net cash flows from financing					
activities		22,305	433,505	74,176	146,070
NET (DECREASE)/INCREASE					
IN CASH AND CASH					
EQUIVALENTS					
Cash and cash equivalents at					
beginning of year/period		123,232	52,464	52,464	238,203
CASH AND CASH					
EQUIVALENTS AT END OF					
YEAR/PERIOD	17	52,464	238,203	51,452	401,854

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	18,626	1,571	3,843
Right-of-use assets	15	—	356	471
Investments in subsidiaries	1	107,924	168,615	168,615
Prepayments, other receivables and other assets	16	11,145	13,461	15,530
Time deposits	17	—	10,107	10,221
Total non-current assets		137,695	194,110	198,680
CURRENT ASSETS				
Prepayments, other receivables and other assets	16	4,331	7,671	8,276
Cash and cash equivalents	17	46,211	207,148	201,476
Amounts due from related parties	28	2,722	35,500	250,500
Financial assets at FVTPL	18	63,183	185,233	70,307
Total current assets		116,447	435,552	530,559
CURRENT LIABILITIES				
Trade and other payables	19	14,342	26,111	24,920
Interest-bearing bank borrowings	20	44,942	13,510	—
Lease liabilities	15	—	148	256
Total current liabilities		59,284	39,769	25,176
NET CURRENT ASSETS		57,163	395,783	505,383
TOTAL ASSETS LESS CURRENT LIABILITIES				
		194,858	589,893	704,063
NON-CURRENT LIABILITIES				
Lease liabilities	15	—	172	187
Deferred income	21	280	—	—
Total non-current liabilities		280	172	187
Net assets		194,578	589,721	703,876
EQUITY				
Paid-in capital	23	21,989	43,477	—
Share capital	23	—	—	47,481
Reserves	25	172,589	546,244	656,395
Total equity		194,578	589,721	703,876

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shenzhen Immunofoco Biotechnology Co., Ltd. (the “Company”, formerly named Suzhou Immunofoco Biotechnology Co. Ltd.) was a limited liability company established in the People’s Republic of China (the “PRC”) on 16 July 2020. The registered address of the Company is Room 5H56A, Xinlikang Building, No. 3044 Xinghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen, PRC. On 22 January 2026, the Company was converted to a joint stock company with limited liability.

The Company is a clinical-stage biotechnology company focused on innovative drug discovery and development. The Company and its subsidiaries (the “Group”) are principally engaged in the research and development in the PRC.

As at the date of this report, the Company’s principal subsidiaries are as follows:

Name	Place and date of registration and place of operations	Nominal value of issued ordinary/registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Immunofoco Pharmaceutical Research Co., Ltd. 上海易慕峰醫藥研究有限公司* (note a)	PRC/Chinese mainland 10 January 2022	Renminbi (“RMB”) 3,000,000	100%	–	Biotechnology research and development, clinical development and medical research
Suzhou Immunofoco Biopharmaceutical Co., Ltd. 蘇州易慕峰生物製藥有限公司* (note b)	PRC/Chinese mainland 19 September 2025	RMB20,000,000	100%	–	Manufacturing

* The English names of these entities represent the best efforts made by the directors of the Company to translate their Chinese names, as they have not been registered with official English names.

a. The statutory financial statements of the entity for the years ended 31 December 2024 and 2025 prepared in accordance with Accounting Standards for Business Enterprises were audited by IPO (Shanghai) Certified Public Accountants LLP (上海德義致遠會計師事務所(普通合夥)), certified public accountants registered in the PRC.

b. The statutory financial statements of the entity for the period from the date of incorporation to 31 December 2025 prepared in accordance with Accounting Standards for Business Enterprises were audited by IPO (Shanghai) Certified Public Accountants LLP (上海德義致遠會計師事務所(普通合夥)), certified public accountants registered in the PRC.

The Company

The carrying amounts of the Company’s investments in subsidiaries are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Investments, at cost	107,924	168,615	168,615

The Group assessed the impairment for investments in subsidiaries as at the end of each of the Relevant Periods and no impairment was provided for the investments in subsidiaries since no impairment indicators were identified.

2.1 BASIS OF PREPARATION

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

The Historical Financial Information have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 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 and the Interim Comparative Financial Information.

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The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ¹
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ¹
Amendments to IAS 28	<i>Amendments to the Fair Value Option for Investments in Associates and Joint Ventures</i> ¹
IFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i> ²

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a

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consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The new requirements are not expected to have any impact on the Group’s results of operations and financial position but are expected to have impacts on the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure of the Group’s financial statements.

Other than IFRS 18, so far, the Group considers that the new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the reporting periods. 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 of the reporting periods.

Impairment of non-financial assets

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

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

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

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;

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- (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 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:

Machinery	9.50% to 31.67%
Office equipment	19.00% to 31.67%
Leasehold improvements	Over the 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 reporting period 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 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 maybe 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

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

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Research and development costs

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Laboratories and office premises . . . 2 to 3.42 years

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

(b) Lease liabilities

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above.

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the reporting periods 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

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

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the reporting periods 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 of the reporting periods 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 of the reporting periods.

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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Other income

Interest income

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

Research and development service income

Research and development service is recognised at a point in time when the service is rendered and accepted by the customers.

Research and development service is not arising in the course of the Group’s ordinary activities. It is presented in other income in the consolidated statements of profit or loss.

Share-based payments

The Company operates share incentive plans. 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, further details of which are given in note 24 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the reporting periods 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 Company and certain of its subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The companies operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

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.

Foreign currencies

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements 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.

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

Deferred tax assets

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

Estimation uncertainty

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

Fair value measurement of share-based payments

Estimating the fair value of share-based payments requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model and making assumptions about them.

For the measurement of the fair value of share-based payments with employees at the grant date, the Group uses a binomial model. The assumptions and model used for estimating fair value for share-based payments are disclosed in note 24 to the Historical Financial Information.

Accrual of research and development costs

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

Impairment of non-financial assets

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

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

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

As of 31 December 2024 and 2025 and 30 June 2026, no indicators of impairment of non-financial assets of the Group were identified, given that (i) such assets of the Group were neither obsolete nor physically damaged, and (ii) the Group’s operations and pipelines were making progress as planned and the losses incurred for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 did not exceed the budgets for the same periods. The carrying amounts of non-financial assets are disclosed in notes 13, 14 and 15 to the Historical Financial Information.

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Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

No revenue was derived during the Relevant Periods and the six months ended 30 June 2025. Therefore, no information about major customers is presented.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Other income				
Government grants*	797	843	635	3,688
Interest income	533	620	212	481
Others	327	633	141	—
Total other income	1,657	2,096	988	4,169
Gains				
Gains on fair value changes of financial assets at FVTPL	1,703	1,603	758	2,463
Gain on lease termination, net	—	320	—	—
Total gains	1,703	1,923	758	2,463
Total	3,360	4,019	1,746	6,632

* The government grants mainly represent subsidies received from local government authorities for the purpose of supporting the Company’s or its subsidiaries’ operating activities, or for the purpose of compensation for expenditure arising from research and development activities. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Research and development costs*		54,440	77,941	25,552	82,203
Depreciation of property, plant and equipment*	13	5,048	5,314	2,563	2,712
Amortisation of other intangible assets*	14	—	—	—	17
Depreciation of right-of-use assets*	15	1,744	2,087	1,022	1,367
[REDACTED] expenses		—	7,201	—	10,608
Government grants	5	(797)	(843)	(635)	(3,688)

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	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Lease payments not included in the measurement of lease liabilities*	15(c)	170	296	111	102
Interest income	5	(533)	(620)	(212)	(481)
Gain on lease termination, net	5	–	(320)	–	–
Gain on fair value changes of financial assets at FVTPL	5	(1,703)	(1,603)	(758)	(2,463)
Employee benefit expense and social welfare (including directors’, chief executive’s and supervisors’ remuneration (note 8))*:					
Wages and salaries		31,050	37,906	13,287	30,873
Pension scheme contributions		2,403	2,285	958	1,985
Share-based payment expenses		1,241	6,865	637	4,606
Total		<u>34,694</u>	<u>47,056</u>	<u>14,882</u>	<u>37,464</u>

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Interest on bank borrowings	1,055	789	556	117
Interest on lease liabilities	174	259	135	118
Total	<u>1,229</u>	<u>1,048</u>	<u>691</u>	<u>235</u>

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

Directors’, chief executive’s and supervisors’ remuneration for the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the [REDACTED] Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	5,086	5,443	2,501	3,263
Performance-related bonus	1,110	5,147	955	2,201
Pension scheme contributions and social welfare	843	912	434	568
Share-based payment expenses	904	5,435	533	2,888
Subtotal	<u>7,943</u>	<u>16,937</u>	<u>4,423</u>	<u>8,920</u>
Total	<u>7,943</u>	<u>16,937</u>	<u>4,423</u>	<u>8,920</u>

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(a) Directors and supervisors

	Salaries, allowances and benefits in kind	Performance- related bonus	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Chief executive and director:					
Dr. Sun Minmin (<i>note (i)</i>)	1,104	414	167	271	1,956
Directors:					
Dr. Jiang Zhenggang (<i>note (ii)</i>) .	1,139	270	167	338	1,914
Dr. Hao Ruidong (<i>note (iii)</i>) . . .	758	183	167	238	1,346
Ms. Wang Suqiong (<i>note (iv)</i>) . .	1,032	–	167	–	1,199
Mr. Zhou Qinhua (<i>note (v)</i>)	47	17	8	12	84
Ms. Shi Chao (<i>note (vi)</i>)	–	–	–	–	–
Mr. He Xiaopeng (<i>note (vii)</i>) . . .	–	–	–	–	–
Dr. Geng Xueli (<i>note (viii)</i>)	–	–	–	–	–
Supervisor:					
Mr. Shen Qingshan (<i>note (ix)</i>) . .	1,006	226	167	45	1,444
Total	5,086	1,110	843	904	7,943

	Salaries, allowances and benefits in kind	Performance- related bonus	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Chief executive and director:					
Dr. Sun Minmin (<i>note (i)</i>)	1,221	1,364	168	2,309	5,062
Directors:					
Dr. Jiang Zhenggang (<i>note (ii)</i>) .	1,219	899	168	706	2,992
Dr. Hao Ruidong (<i>note (iii)</i>) . . .	828	704	168	1,060	2,760
Ms. Wang Huijuan (<i>note (x)</i>) . . .	436	365	122	413	1,336
Mr. Zhou Qinhua (<i>note (v)</i>)	663	788	118	484	2,053
Ms. Shi Chao (<i>note (vi)</i>)	–	–	–	–	–
Mr. He Xiaopeng (<i>note (vii)</i>) . . .	–	–	–	–	–
Dr. Geng Xueli (<i>note (viii)</i>)	–	–	–	–	–
Ms. Li Xiaoyang (<i>note (x)</i>)	–	–	–	–	–
Dr. Li Jiaxin (<i>note (xi)</i>)	–	–	–	–	–
Supervisor:					
Mr. Shen Qingshan (<i>note (ix)</i>) . .	1,076	1,027	168	463	2,734
Total	5,443	5,147	912	5,435	16,937

	Salaries, allowances and benefits in kind	Performance- related bonus	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2025 (unaudited)					
Chief executive and director:					
Dr. Sun Minmin (<i>note (i)</i>)	579	250	84	134	1,047
Directors:					
Dr. Jiang Zhenggang (<i>note (ii)</i>) .	578	110	84	167	939
Dr. Hao Ruidong (<i>note (iii)</i>) . . .	380	141	84	118	723
Ms. Wang Huijuan (<i>note (x)</i>) . . .	139	72	41	22	274
Mr. Zhou Qinhua (<i>note (v)</i>)	313	135	57	70	575
Ms. Shi Chao (<i>note (vi)</i>)	–	–	–	–	–
Mr. He Xiaopeng (<i>note (vii)</i>) . . .	–	–	–	–	–
Dr. Geng Xueli (<i>note (viii)</i>)	–	–	–	–	–
Ms. Li Xiaoyang (<i>note (x)</i>)	–	–	–	–	–
Supervisor:					
Mr. Shen Qingshan (<i>note (ix)</i>) . .	512	247	84	22	865
Total	2,501	955	434	533	4,423

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	Salaries, allowances and benefits in kind	Performance- related bonus	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2026					
Chief executive and director:					
Dr. Sun Minmin (<i>note (i)</i>)	730	550	84	1,192	2,556
Directors:					
Dr. Jiang Zhenggang (<i>note (ii)</i>) .	706	469	84	387	1,646
Dr. Hao Ruidong (<i>note (iii)</i>) . . .	462	304	84	556	1,406
Ms. Wang Huijuan (<i>note (x)</i>) . . .	296	223	81	281	881
Mr. Zhou Qinhua (<i>note (v)</i>)	407	305	62	281	1,055
Mr. He Xiaopeng (<i>note (vii)</i>) . . .	–	–	–	–	–
Dr. Geng Xueli (<i>note (viii)</i>)	–	–	–	–	–
Ms. Li Xiaoyang (<i>note (x)</i>)	–	–	–	–	–
Dr. Li Jiaxin (<i>note (xi)</i>)	–	–	–	–	–
Supervisors:					
Mr. Shen Qingshan (<i>note (ix)</i>) . .	47	37	7	32	123
Ms. Liu Zhaoqing (<i>note (xii)</i>) . .	334	194	77	106	711
Mr. Li Yantao (<i>note (xii)</i>)	217	105	68	53	443
Ms. Li Jingmei (<i>note (xii)</i>)	64	14	21	–	99
Total	3,263	2,201	568	2,888	8,920

Notes:

- (i) Dr. Sun Minmin was appointed as a director of the Company on 29 September 2020. Ms. Sun Minmin was also the chief executive and the chairman of the Company and her remuneration disclosed above included the remuneration for the services rendered by her as the chief executive and chairman.
- (ii) Dr. Jiang Zhenggang was appointed as a director of the Company on 2 December 2022.
- (iii) Dr. Hao Ruidong was appointed as a director of the Company on 10 March 2022.
- (iv) Ms. Wang Suqiong was appointed as a director of the Company on 1 December 2020 and resigned on 13 December 2024.
- (v) Mr. Zhou Qinhua was appointed as a director of the Company on 13 December 2024.
- (vi) Ms. Shi Chao was appointed as a director of the Company on 10 January 2021 and resigned on 4 November 2025.
- (vii) Mr. He Xiaopeng was appointed as a director of the Company on 28 October 2021.
- (viii) Dr. Geng Xueli was appointed as a director of the Company on 22 December 2022.
- (ix) Mr. Shen Qingshan was appointed as a supervisor of the Company on 16 July 2020 and resigned on 16 January 2026.
- (x) Ms. Wang Huijuan and Ms. Li Xiaoyang were appointed as directors of the Company on 25 March 2025.
- (xi) Dr. Li Jiaxin was appointed as a director of the Company on 4 November 2025.
- (xii) Ms. Liu Zhaoqing, Mr. Li Yantao and Ms. Li Jingmei were appointed as supervisors of the Company on 16 January 2026.

There was no arrangement under which a director, a chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2024 and 2025, the six months ended 30 June 2026 and the six months ended 30 June 2025 included four, five, three and five of the directors, chief executive and supervisors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining one, nil, two and nil highest paid employees who are neither a director and nor a chief executive of the Company for the years ended 31 December 2024 and 2025, the six months ended 30 June 2026 and the six months ended 30 June 2025, respectively, are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, bonuses and allowances	1,042	—	—	1,251
Performance-related bonus	—	—	—	641
Pension scheme contributions and social welfare	161	—	—	77
Share-based payment expenses	—	—	—	373
Total	1,203	—	—	2,342

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
HKD1,000,001 to HKD1,500,000 . . .	1	—	—	2
Total	1	—	—	2

During the Relevant Periods and the six months ended 30 June 2025, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

Chinese mainland

Pursuant to the Corporate Income Tax Law of the People’s Republic of China and the respective regulations (the “CIT Law”), the Company is subject to CIT at a rate of 25% on the taxable income during the Relevant Periods and the six months ended 30 June 2025.

Pursuant to Caishui [2023] No. 12 “Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax and Fee Policies with respect to Further Supporting the Development of Small and Micro Enterprises and Individual Businesses” (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), certain subsidiaries of the Company in the Chinese mainland, whose annual taxable income with an amount less than RMB3,000,000 will be included in the actual taxable income at 25% based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy has taken effect from 1 January 2023 and will expire on 31 December 2027.

Pursuant to the relevant CIT Law, the Company and its certain subsidiaries enjoyed a super deduction of 200% on qualified research and development costs so incurred as tax deductible expenses when determining the assessable profits for the Relevant Periods and the six months ended 30 June 2025.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2025 is analysed as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	—	—	—	—
Deferred income tax	—	—	—	—
Total	—	—	—	—

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A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its major subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the tax position, are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(71,312)	(114,772)	(35,085)	(108,902)
Tax at the statutory tax rate (25%) . . .	(17,828)	(28,693)	(8,771)	(27,226)
Expenses not deductible for tax purposes	516	1,916	221	1,357
Tax losses and temporary differences not recognised	28,277	43,077	14,883	44,716
Additional deductible allowance for qualified research and development costs	(10,965)	(16,300)	(6,333)	(18,847)
Tax position	—	—	—	—

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods and the six months ended 30 June 2025.

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

On 22 January 2026, the Company was converted to a joint stock limited liability company. A total of 43,476,873 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB1.00 each was applied retrospectively for the Relevant Periods and the six months ended 30 June 2025 for the purpose of computation of basic loss per share.

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2025.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2025.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss				
Loss attributable to ordinary equity holders of the parent (RMB'000)	(71,312)	(114,772)	(35,085)	(108,902)
Ordinary shares				
Weighted average number of ordinary shares in issue during the year/period used in the basic and diluted loss per share calculation	21,988,658	27,583,942	23,863,221	46,627,915

For details of the [REDACTED] investments, please refer to note 23 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	20,403	458	9,660	—	30,521
Accumulated depreciation	(4,473)	(180)	(2,878)	—	(7,531)

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	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount	15,930	278	6,782	–	22,990
At 1 January 2024, net of accumulated depreciation	15,930	278	6,782	–	22,990
Additions	1,076	9	727	213	2,025
Depreciation provided during the year	(2,864)	(84)	(2,100)	–	(5,048)
At 31 December 2024, net of accumulated depreciation	14,142	203	5,409	213	19,967
At 31 December 2024:					
Cost	21,479	467	10,387	213	32,546
Accumulated depreciation	(7,337)	(264)	(4,978)	–	(12,579)
Net carrying amount	14,142	203	5,409	213	19,967

	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	21,479	467	10,387	213	32,546
Accumulated depreciation	(7,337)	(264)	(4,978)	–	(12,579)
Net carrying amount	14,142	203	5,409	213	19,967
At 1 January 2025, net of accumulated depreciation	14,142	203	5,409	213	19,967
Transfers	53	–	912	(965)	–
Additions	3,462	252	757	3,374	7,845
Depreciation provided during the year	(2,554)	(68)	(2,692)	–	(5,314)
At 31 December 2025, net of accumulated depreciation	15,103	387	4,386	2,622	22,498
At 31 December 2025:					
Cost	24,994	719	12,056	2,622	40,391
Accumulated depreciation	(9,891)	(332)	(7,670)	–	(17,893)
Net carrying amount	15,103	387	4,386	2,622	22,498

	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 June 2026					
At 1 January 2026:					
Cost	24,994	719	12,056	2,622	40,391
Accumulated depreciation	(9,891)	(332)	(7,670)	–	(17,893)
Net carrying amount	15,103	387	4,386	2,622	22,498
At 1 January 2026, net of accumulated depreciation	15,103	387	4,386	2,622	22,498
Transfers	–	–	4,567	(4,567)	–
Additions	4,108	241	651	4,562	9,562
Depreciation provided during the period	(966)	(50)	(1,696)	–	(2,712)
At 30 June 2026, net of accumulated depreciation	18,245	578	7,908	2,617	29,348
At 30 June 2026:					
Cost	29,102	960	17,274	2,617	49,953
Accumulated depreciation	(10,857)	(382)	(9,366)	–	(20,605)
Net carrying amount	18,245	578	7,908	2,617	29,348

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The Company

	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024				
At 1 January 2024:				
Cost	20,242	458	9,660	30,360
Accumulated depreciation	(4,464)	(180)	(2,878)	(7,522)
Net carrying amount	<u>15,778</u>	<u>278</u>	<u>6,782</u>	<u>22,838</u>
At 1 January 2024, net of accumulated depreciation	15,778	278	6,782	22,838
Additions	194	9	548	751
Depreciation provided during the year	(2,833)	(84)	(2,046)	(4,963)
At 31 December 2024, net of accumulated depreciation	<u>13,139</u>	<u>203</u>	<u>5,284</u>	<u>18,626</u>
At 31 December 2024:				
Cost	20,436	467	10,208	31,111
Accumulated depreciation	(7,297)	(264)	(4,924)	(12,485)
Net carrying amount	<u>13,139</u>	<u>203</u>	<u>5,284</u>	<u>18,626</u>

	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025					
At 1 January 2025:					
Cost	20,436	467	10,208	–	31,111
Accumulated depreciation	(7,297)	(264)	(4,924)	–	(12,485)
Net carrying amount	<u>13,139</u>	<u>203</u>	<u>5,284</u>	<u>–</u>	<u>18,626</u>
At 1 January 2025, net of accumulated depreciation	13,139	203	5,284	–	18,626
Additions	3,366	134	759	1,139	5,398
Depreciation provided during the year	(2,296)	(62)	(2,187)	–	(4,545)
Disposals	(12,752)	(270)	(3,856)	(1,030)	(17,908)
At 31 December 2025, net of accumulated depreciation	<u>1,457</u>	<u>5</u>	<u>–</u>	<u>109</u>	<u>1,571</u>
At 31 December 2025:					
Cost	1,478	5	549	109	2,141
Accumulated depreciation	(21)	–	(549)	–	(570)
Net carrying amount	<u>1,457</u>	<u>5</u>	<u>–</u>	<u>109</u>	<u>1,571</u>

	<u>Machinery</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 June 2026					
At 1 January 2026:					
Cost	1,478	5	549	109	2,141
Accumulated depreciation	(21)	–	(549)	–	(570)
Net carrying amount	<u>1,457</u>	<u>5</u>	<u>–</u>	<u>109</u>	<u>1,571</u>
At 1 January 2026, net of accumulated depreciation	1,457	5	–	109	1,571
Additions	1,759	216	–	396	2,371
Depreciation provided during the period	(87)	(12)	–	–	(99)
At 30 June 2026, net of accumulated depreciation	<u>3,129</u>	<u>209</u>	<u>–</u>	<u>505</u>	<u>3,843</u>

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	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2026:					
Cost	3,236	221	549	505	4,511
Accumulated depreciation	(107)	(12)	(549)	—	(668)
Net carrying amount	<u>3,129</u>	<u>209</u>	<u>—</u>	<u>505</u>	<u>3,843</u>

14. OTHER INTANGIBLE ASSETS

The Group

	Software
	RMB'000
As at 1 January 2024, 31 December 2024, 1 January 2025, 31 December 2025 and 1 January 2026	—
Additions	370
Amortisation provided during the period	(17)
As at 30 June 2026	<u>353</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of laboratories and office premises generally have lease terms between 2 and 3.42 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Laboratories and office premises
	RMB'000
As at 1 January 2024	4,336
Additions	1,502
Depreciation charge	(1,744)
As at 31 December 2024	<u>4,094</u>
As at 31 December 2024 and 1 January 2025	4,094
Additions	5,244
Termination	(1,951)
Depreciation charge	(2,087)
As at 31 December 2025	<u>5,300</u>
As at 31 December 2025 and 1 January 2026	5,300
Additions	1,582
Depreciation charge	(1,367)
As at 30 June 2026	<u>5,515</u>

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	4,514	4,627	5,781
Additions	1,502	5,244	1,582
Termination	—	(2,271)	—

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	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Accretion of interest recognised during the year/period	174	259	118
Payments	(1,563)	(2,078)	(1,570)
Carrying amount at the end of the year/period	<u>4,627</u>	<u>5,781</u>	<u>5,911</u>
Analysed into:			
Current portion	1,463	2,528	3,297
Non-current portion	<u>3,164</u>	<u>3,253</u>	<u>2,614</u>

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

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	174	259	135	118
Depreciation charge of right-of-use assets	1,744	2,087	1,022	1,367
Expenses relating to short-term leases	170	289	111	102
Expenses relating to low-value leases	—	7	—	—
Gain on lease termination, net	—	(320)	—	—
Total amount recognised in profit or loss	<u>2,088</u>	<u>2,322</u>	<u>1,268</u>	<u>1,587</u>

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

The Company as a lessee

The Company has lease contracts for various items of office premises used in its operations. Leases of laboratories and office premises generally have lease terms of 2-3 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Laboratories and office premises
	RMB'000
As at 1 January 2024, 31 December 2024 and 1 January 2025	—
Additions	2,973
Termination	(1,951)
Depreciation charge	<u>(666)</u>
As at 31 December 2025 and 1 January 2026	356
Additions	245
Depreciation charge	<u>(130)</u>
As at 30 June 2026	<u>471</u>

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(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	–	–	320
Additions	–	2,973	245
Termination	–	(2,271)	–
Accretion of interest recognised during the year/period	–	66	8
Payments	–	(448)	(130)
Carrying amount at the end of the year/period	–	320	443
Analysed into:			
Current portion	–	148	256
Non-current portion	–	172	187

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-current:			
Value-added tax recoverable	12,017	16,747	22,772
Rental deposits and other deposits	976	628	1,337
Prepayments for property, plant and equipment	–	2,317	–
Total	12,993	19,692	24,109
Current:			
Prepayments	4,192	5,669	5,778
Other receivables	207	1,283	816
Rental deposits	–	467	15
Deferred [REDACTED] expenses	–	1,271	2,647
Total	4,399	8,690	9,256

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-current:			
Value-added tax recoverable	10,211	11,728	15,172
Rental deposits	934	81	358
Prepayments for property, plant and equipment	–	1,652	–
Total	11,145	13,461	15,530
Current:			
Prepayments	4,192	5,429	5,143
Other receivables	139	512	471
Rental deposits	–	459	15
Deferred [REDACTED] expenses	–	1,271	2,647
Total	4,331	7,671	8,276

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

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17. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and bank balances	52,464	238,203	401,854
Time deposits	—	10,107	10,221
Subtotal	52,464	248,310	412,075
Less:			
Time deposits with maturity over one year*			
– non-current	—	10,107	10,221
Cash and cash equivalents	52,464	238,203	401,854
Denominated in:			
RMB	52,464	238,203	401,853
HKD	—	—	1

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and bank balances	46,211	207,148	201,476
Time deposits	—	10,107	10,221
Subtotal	46,211	217,255	211,697
Less:			
Time deposits with maturity over one year*			
– non-current	—	10,107	10,221
Cash and cash equivalents	46,211	207,148	201,476
Denominated in:			
RMB	46,211	207,148	201,476

* Time deposits earn interest at the time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

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

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

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Structured deposits	63,183	195,270	70,307

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Structured deposits	63,183	185,233	70,307

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As at the end of each of the Relevant Periods, the financial assets at fair value through profit or loss above were structured deposits issued by commercial banks in the Chinese mainland, with expected return rates ranging from 1.20% to 2.50% per annum. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

19. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade payables	2,489	1,731	2,583
Accrued research and development costs	6,797	9,985	19,136
Payroll and welfare payables	5,331	9,925	11,449
Accrued [REDACTED] expenses	–	6,695	1,521
Accrued share issuance expenses	–	5,120	307
Other payables	5,517	3,950	3,325
Other tax payables	–	100	–
Total	<u>20,134</u>	<u>37,506</u>	<u>38,321</u>

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade payables	2,049	851	632
Accrued research and development costs	6,034	9,128	18,564
Payroll and welfare payables	1,319	602	729
Accrued [REDACTED] expenses	–	6,695	1,521
Accrued share issuance expenses	–	5,120	307
Other payables	4,940	3,715	3,167
Total	<u>14,342</u>	<u>26,111</u>	<u>24,920</u>

Other payables are unsecured, non-interest-bearing and are normally settled on terms of 30 to 60 days. The carrying amounts of financial liabilities included in trade and other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

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

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 1 year	2,488	1,730	2,582
Over 1 year	1	1	1
Total	<u>2,489</u>	<u>1,731</u>	<u>2,583</u>

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 1 year	2,048	850	631
Over 1 year	1	1	1
Total	<u>2,049</u>	<u>851</u>	<u>632</u>

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

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20. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2024			As at 31 December 2025			As at 30 June 2026		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
	(%)			(%)			(%)		
Current									
Bank loans – unsecured	3.00–3.60	2025	44,942	2.60–3.00	2026	13,510	–	–	–
			<u>44,942</u>			<u>13,510</u>	–	–	–
			<u><u>44,942</u></u>			<u><u>13,510</u></u>			<u><u>–</u></u>

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000

Analysed into:

Bank loans repayable:

Within one year	44,942	13,510	–
	<u>44,942</u>	<u>13,510</u>	<u>–</u>

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

21. DEFERRED INCOME

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Income-related government grants*	280	411	385
	<u>280</u>	<u>411</u>	<u>385</u>
Analysed into:			
Current portion	–	52	52
Non-current portion	280	359	333
	<u>280</u>	<u>359</u>	<u>333</u>

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Income-related government grants*	280	–	–
	<u>280</u>	<u>–</u>	<u>–</u>
Analysed into:			
Current portion	–	–	–
Non-current portion	280	–	–
	<u>280</u>	<u>–</u>	<u>–</u>

* The Group’s deferred income mainly represented government grants related to research and development projects which have not met the acceptance conditions. The grants related to projects released to profit or loss when the Group meets the acceptance conditions agreed upon by the government.

22. DEFERRED TAX

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

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2024	1,084
Deferred tax credited to profit or loss during the year	(61)

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	Right-of-use assets
	<i>RMB'000</i>
At 31 December 2024 and 1 January 2025	1,023
Deferred tax charged to profit or loss during the year	302
At 31 December 2025 and 1 January 2026	1,325
Deferred tax charged to profit or loss during the period	54
At 30 June 2026	1,379

Deferred tax assets

	Lease liabilities
	<i>RMB'000</i>
At 1 January 2024	1,084
Deferred tax charged to profit or loss during the year	(61)
At 31 December 2024 and 1 January 2025	1,023
Deferred tax credited to profit or loss during the year	302
At 31 December 2025 and 1 January 2026	1,325
Deferred tax credited to profit or loss during the period	54
At 30 June 2026	1,379

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 30 June
	2024	2025
	<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	—	—

The Group had accumulated tax losses of RMB409,537,000, RMB573,989,000 and RMB752,945,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively, which would expire within one to five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group had unrecognised deductible temporary differences of RMB8,004,000, RMB12,630,000 and RMB12,539,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively.

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

23. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

A summary of movements in the Company’s paid-in capital/share capital during the Relevant Periods is as follows:

	Paid-in capital/ Share capital
	<i>RMB'000</i>
At 1 January 2024, 31 December 2024 and 1 January 2025	21,989
Capital contributions from shareholders	21,488
As at 31 December 2025 and 1 January 2026	43,477
Issue of shares	4,004
As at 30 June 2026	47,481

Pursuant to the shareholders’ agreements entered into on 10 January 2021, 31 March 2021, 28 October 2021, 8 March 2022, 9 December 2022, 22 December 2022, 20 January 2023 and 30 August 2023, the Company respectively issued 2,500,000, 2,103,956, 4,369,559, 858,484, 1,038,105, 3,579,674, 1,252,886 and 1,789,837 registered capital to shareholders for a total net cash proceeds of approximately RMB342,820,000.

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Pursuant to the shareholders’ agreements entered into on 25 March 2025, 1 September 2025 and 4 November 2025, the Company issued 3,536,546, 3,041,429 and 7,545,573 registered capital to shareholders for total cash proceeds of RMB100,000,000, RMB86,000,000 and RMB273,000,000, respectively, among which a total amount of RMB14,124,000 was credited to the Company’s paid-in capital and the remaining RMB444,876,000 was credited to capital reserve.

In October 2025 and November 2025, the Company received cash proceeds of RMB14,031,000 in total from the then existing shareholders and the number of the registered capital of the Company increased by 7,364,667.

Pursuant to the shareholders’ agreements entered into on 6 February 2026, the Company issued 4,004,449 shares to shareholders for total cash proceeds of RMB175,000,000, among which a total amount of RMB4,004,000 was credited to the Company’s share capital and the remaining RMB170,996,000 was credited to share premium.

Pursuant to the shareholders’ agreements as disclosed above (collectively, the “Agreements”), the shareholders related to the Agreements (collectively, the “[REDACTED] Investors”) were granted by the Company with special rights (“Special Rights”) which primarily included the redemption rights, anti-dilution rights and liquidation rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

On 10 February 2026, the Company and the [REDACTED] Investors subsequently entered into supplemental agreements, agreeing that the redemption rights granted by the Company to the [REDACTED] Investors shall be irrecoverably terminated on the day before the first submission of the application for an initial public offering to the Stock Exchange and shall never have had any legal effect. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the [REDACTED] investments as equity throughout the Relevant Periods.

Had the redemption rights granted by the Company to the [REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, (i) the redemption financial liabilities, total current liabilities, net current (liabilities)/assets and net (liabilities)/assets would have been:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Redemption financial liabilities	422,758	958,558	–
Total current liabilities	489,297	1,012,154	41,680
Net current (liabilities)/assets	(369,029)	(569,991)	439,737
Net (liabilities)/assets	(335,419)	(516,006)	506,336

and (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year/period and basic and diluted loss per share would have been:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Finance costs associated with the redemption financial liabilities	(25,682)	(76,800)	(8,472)	(15,735)
Total net loss	(96,994)	(191,572)	(43,557)	(124,637)
Basic and diluted loss per share (RMB)	(4.41)	(6.95)	(1.83)	(2.67)

Pursuant to the shareholders’ resolutions dated 15 January 2026, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liability with 43,476,873 shares in a nominal value of RMB1.00 each. The net assets of the Company as of 30 November 2025 were converted to 43,476,873 ordinary shares at RMB1.00 each and issued to the then shareholders of the Company in proportion to their capital contributions to the Company. The remaining amount was converted into share premium. Upon completion of the registration on 22 January 2026, the Company was converted into a joint stock company with limited liability.

24. SHARE-BASED PAYMENTS

[REDACTED] Share Option Schemes

Pursuant to the resolutions passed on 18 January 2021 and 29 August 2022 respectively, the Company adopted share option incentive plans (the “2021 [REDACTED] Share Option Scheme” and the “2022 [REDACTED] Share Option Scheme”, collectively the “[REDACTED] Share Option Schemes”) for the purpose of attracting and retaining outstanding talents who contribute to the development of the Group. Eligible participants of the [REDACTED] Share Option Schemes include certain directors of the Company, employees and a consultant of the Group. The Company may grant up to 500,000 share options and 1,666,667 share options of the Company under the 2021 [REDACTED] Share Option Scheme and the 2022 [REDACTED] Share Option Scheme, respectively. The Group accounts for the [REDACTED] Share Option Schemes as equity-settled share-based payments.

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Details of specific categories of options are as follows:

Date of grant	Number of options granted	Exercise price per share
13 December 2021	100,000	2.00
27 December 2021	200,000	2.00
26 January 2022	10,000	2.00
1 September 2022	545,000	5.00
1 October 2022	60,000	5.00
4 January 2023	5,000	5.00
8 February 2023	50,000	5.00
9 February 2023	320,000	5.00
28 February 2023	50,000	5.00
1 September 2025	636,667	5.00

Subject to the terms and conditions as set out in the [REDACTED] Share Option Schemes, options are vested in the portions of 30%, 30% and 40% on the dates of the milestone events respectively:

Milestone event 1 – the approval of the first Investigational New Drug (“IND”) project, which was achieved in 2023

Milestone event 2 – the earlier of i) the third anniversary of the approval of the first IND project, and ii) the filing of the first New Drug Application (“NDA”) project

Milestone event 3 – the approval of the first NDA project

Pursuant to the resolution passed on 20 November 2025, the remaining 70% of options were vested without the achievement of milestone events, and were converted to restricted shares. As the total fair value of the modified equity instruments was lower than that of the original equity instruments as estimated as at the date of the modification, such non-beneficial modification was accounted for in accordance with the accounting policy as disclosed in note 2.3.

The following share options were outstanding under the [REDACTED] Share Option Schemes during the Relevant Periods:

	Weighted average exercise price <i>RMB per share</i>	Number of options <i>RMB’000</i>
At 1 January 2024, 31 December 2024 and 1 January 2025	4.31	1,340,000
Granted during the year	5.00	636,667
Exercised during the year	4.53	(593,000)
Vested share options converted to restricted shares	4.53	(1,383,667)
As at 31 December 2025, 1 January 2026 and 30 June 2026		–

The fair values of the share options granted during the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 were nil, RMB9,917,000 and nil, respectively.

The fair values of the options as at the grant dates were determined by using a binomial model, taking into account the terms and conditions upon which the options were granted. Major inputs used for the determination of the fair values of the options granted are as follows:

	At grant dates
Expected volatility (%)	79.00-84.00
Risk-free interest rate (%)	1.43-2.81
Dividend yield	–

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

[REDACTED] Equity Incentive Scheme

Pursuant to the resolution passed on 20 November 2025, the Company adopted a share incentive plan (the “[REDACTED] Equity Incentive Scheme”) for the purpose of attracting and retaining talents who contribute to the development of the Group. Eligible participants of the [REDACTED] Equity Incentive Scheme include certain directors of the Company, employees and a consultant of the Group. Under the share incentive scheme, a total number of 833,334 restricted shares were granted to the eligible participants in the form of the limited partnership interests in Shanghai Yizhong Biotechnology Partnership (Limited Partnership), which was set up as an Employee Incentive Platform in the PRC.

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Subject to the terms and conditions as set out in the [REDACTED] Equity Incentive Scheme, the shares are vested in the portions of 30%, 30% and 40% on the dates of the milestone events, respectively, as follows:

Milestone event 1 – the earlier of i) the commencement of the Company’s trading on the Stock Exchange, and ii) the filing of the first NDA project

Milestone event 2 – the approval of the first NDA project

Milestone event 3 – the fulfilment by the grantee of the three-year service period from the date on which the first milestone is achieved

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

Date of grant	Number of restricted shares	Subscription price	Fair value of restricted shares
		<i>RMB per share</i>	<i>RMB per share</i>
20 November 2025	833,334	6.00	14.23

The following restricted shares were outstanding under the [REDACTED] Equity Incentive Scheme during the Relevant Periods:

	Number of restricted shares
As at 1 January 2025	–
Granted during the year	833,334
As at 31 December 2025, 1 January 2026 and 30 June 2026	833,334

During the years ended 31 December 2024 and 2025, the six months ended 30 June 2026 and the six months ended 30 June 2025, share-based payment expenses of RMB1,241,000, RMB6,865,000, RMB4,606,000 and RMB637,000 were charged to profit or loss, respectively.

25. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods and the six months ended 30 June 2025 are presented in the consolidated statements of changes in equity.

(a) Capital reserve/share premium

The capital reserve/share premium represents: (i) the difference between the par value of the shares issued and the consideration received; and (ii) the transfer of share-based payment reserve to capital reserve/share premium resulting from the exercise of the share options.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 24 to the Historical Financial Information.

The Company

	Capital reserve	Share premium	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>
At 1 January 2024	328,303	–	4,086	(121,319)	211,070
Loss and total comprehensive loss for the year	–	–	–	(39,722)	(39,722)
Equity-settled share-based payments	–	–	1,241	–	1,241
At 31 December 2024 and 1 January 2025	328,303	–	5,327	(161,041)	172,589

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	Capital reserve	Share premium	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss and total comprehensive loss for the year	–	–	–	(74,783)	(74,783)
Capital contributions from shareholders	441,632	–	–	–	441,632
Equity-settled share-based payments	–	–	6,806	–	6,806
Exercise of share rewards . .	5,254	–	(5,254)	–	–
At 31 December 2025 and 1 January 2026	775,189	–	6,879	(235,824)	546,244
Loss and total comprehensive loss for the period	–	–	–	(58,280)	(58,280)
Issue of shares	–	164,076	–	–	164,076
Conversion into a joint stock company	(775,189)	562,772	–	212,417	–
Equity-settled share-based payments	–	–	4,355	–	4,355
Exercise of share rewards . .	–	5,254	(5,254)	–	–
At 30 June 2026	–	732,102	5,980	(81,687)	656,395

26. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026, the Group had non-cash additions to lease liabilities of RMB1,502,000, RMB5,244,000 and RMB1,582,000, respectively, in respect of lease arrangements for laboratories and office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Accrued [REDACTED] expenses included in trade and other payables	Accrued share issuance expenses included in trade and other payables
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,514	20,019	–	–
Changes in financing cash flows . . .	(1,563)	23,868	–	–
Additions	1,502	–	–	–
Accretion of interest	174	1,055	–	–
At 31 December 2024 and 1 January 2025	4,627	44,942	–	–
Changes in financing cash flows . . .	(2,078)	(32,221)	(267)	(4,791)
Changes in operating cash flows . . .	–	–	(1,510)	–
Additions	5,244	–	–	9,911
Termination	(2,271)	–	–	–
Accretion of interest	259	789	–	–
Increase in deferred [REDACTED] expenses	–	–	1,271	–
[REDACTED] expenses included in administrative expenses	–	–	7,201	–
At 31 December 2025 and 1 January 2026	5,781	13,510	6,695	5,120
Changes in financing cash flows . . .	(1,570)	(13,627)	(1,996)	(11,733)
Changes in operating cash flows . . .	–	–	(14,038)	–
Additions	1,582	–	–	6,920
Accretion of interest	118	117	–	–
Increase in deferred [REDACTED] expenses	–	–	1,208	–
[REDACTED] expenses included in administrative expenses	–	–	9,652	–
At 30 June 2026	5,911	–	1,521	307

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(c) Total cash outflows for leases

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	170	296	111	102
Within financing activities	1,563	2,078	839	1,570
Total	1,733	2,374	950	1,672

27. COMMITMENTS

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

	Year ended 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	–	565	720

28. RELATED PARTY TRANSACTIONS

Name and relationship of a related party

Name of related party	Relationship
Dr. Sun Minmin	Controlling shareholder, director and chief executive of the Company

(a) Outstanding balances with related parties:

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-trade			
Amounts due from Dr. Sun Minmin	222	–	–
Amounts due to Dr. Sun Minmin	–	–	10

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Non-trade			
Amounts due from Dr. Sun Minmin	222	–	–
Amounts due from subsidiaries	2,500	35,500	250,500
Total	2,722	35,500	250,500

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Salaries, allowances and benefits in kind	5,086	5,443	2,501	3,263
Performance-related bonus . . .	1,110	5,147	955	2,201
Pension scheme contributions and social welfare	843	912	434	568
Share-based payment expenses .	904	5,435	533	2,888
Total	<u>7,943</u>	<u>16,937</u>	<u>4,423</u>	<u>8,920</u>

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

29. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL:			
Structured deposits	63,183	195,270	70,307
Financial assets at amortised cost:			
Financial assets included in prepayments, other receivables and other assets	1,183	2,378	2,168
Amounts due from a related party	222	–	–
Time deposits	–	10,107	10,221
Cash and cash equivalents	<u>52,464</u>	<u>238,203</u>	<u>401,854</u>
Subtotal	<u>53,869</u>	<u>250,688</u>	<u>414,243</u>
Total	<u>117,052</u>	<u>445,958</u>	<u>484,550</u>

Financial liabilities

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Financial liabilities at amortised cost:			
Financial liabilities included in trade and other payables	14,803	27,481	26,872
Interest-bearing bank borrowings	44,942	13,510	–
Amounts due to a related party	–	–	10
Total	<u>59,745</u>	<u>40,991</u>	<u>26,882</u>

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for 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 time deposits over one year, financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in wealth management product investments, which represent wealth management products issued by banks and other financial institutions. The Group has estimated the fair value of these investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL	–	63,183	–	63,183
	=	=	=	=

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL	–	195,270	–	195,270
	=	=	=	=

As at 30 June 2026

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets at FVTPL	–	70,307	–	70,307
	=	=	=	=

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

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.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, time deposits, financial assets at FVTPL and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various financial assets and liabilities such as financial assets included in prepayments, other receivables and other assets, 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 credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

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.

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

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Maximum exposure and year/period-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/period-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			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Amounts due from a related party	222	—	—	—	222
Financial assets included in prepayments, other receivables and other assets – normal*	1,183	—	—	—	1,183
Cash and cash equivalents – Not yet past due	52,464	—	—	—	52,464
Total	53,869	—	—	—	53,869

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets included in prepayments, other receivables and other assets – normal*	2,378	—	—	—	2,378
Time deposits – Not yet past due	10,107	—	—	—	10,107
Cash and cash equivalents – Not yet past due	238,203	—	—	—	238,203
Total	250,688	—	—	—	250,688

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets included in prepayments, other receivables and other assets – normal*	2,168	—	—	—	2,168
Time deposits – Not yet past due	10,221	—	—	—	10,221
Cash and cash equivalents – Not yet past due	401,854	—	—	—	401,854
Total	414,243	—	—	—	414,243

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

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Liquidity risk

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

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

As at 31 December 2024

	Less than 1 year or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Financial liabilities included in trade and other payables	14,803	—	14,803
Interest-bearing bank borrowings	45,497	—	45,497
Lease liabilities	1,657	3,335	4,992
Total	61,957	3,335	65,292

As at 31 December 2025

	Less than 1 year or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Financial liabilities included in trade and other payables	27,481	—	27,481
Interest-bearing bank borrowings	13,625	—	13,625
Lease liabilities	2,712	3,336	6,048
Total	43,818	3,336	47,154

As at 30 June 2026

	Less than 1 year or on demand	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Amounts due to a related party	10	—	10
Financial liabilities included in trade and other payables	26,872	—	26,872
Lease liabilities	3,463	2,653	6,116
Total	30,345	2,653	32,998

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, 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.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Total assets	157,322	499,760	550,963
Total liabilities	69,983	57,208	44,627
Asset-liability ratio*	44.48%	11.45%	8.10%

* Asset-liability ratio is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

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32. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the shareholders’ resolutions dated 16 August 2026, the shareholders of the Company approved and adopted a share option incentive plan (the “2026 [REDACTED] Share Option Scheme”). Under the 2026 [REDACTED] Share Option Scheme, a total number of 2,350,000 share options were granted to the eligible participants of the Company.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2026.