

APPENDIX I

ACCOUNTANTS’ REPORT

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



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PANACRO (HANGZHOU) PHARMACEUTICAL CONSULTING CO., LTD. AND CHINA INDUSTRIAL SECURITIES INTERNATIONAL CAPITAL LIMITED AND ICBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of PANACRO (Hangzhou) Pharmaceutical Consulting Co., Ltd. (博納西亞(杭州)醫藥科技股份有限公司) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2023, 2024 and 2025 and the six months ended 30 June 2026 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

APPENDIX I

ACCOUNTANTS’ REPORT

Reporting accountants’ responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 31 December 2023, 2024 and 2025 and 30 June 2026 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2025 and other explanatory information (the “Stub Period Corresponding Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding 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 enquiries, 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 Stub Period Corresponding Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

APPENDIX I**ACCOUNTANTS’ REPORT**

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

Adjustments

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

Dividends

We refer to Note 25(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

Historical financial information

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	4	370,519	340,281	335,931	179,410	203,917
Cost of sales		(246,217)	(209,961)	(205,290)	(114,993)	(132,515)
Gross profit		124,302	130,320	130,641	64,417	71,402
Other net income	5	4,108	4,484	4,078	2,306	611
Selling and marketing expenses		(14,549)	(12,935)	(15,990)	(7,713)	(9,670)
General and administrative expenses		(27,393)	(22,400)	(26,930)	(11,377)	(24,307)
Research and development expenses		(27,757)	(20,474)	(18,674)	(8,873)	(9,445)
Impairment loss recognised on trade and other receivables and contract assets	6(c)	(274)	(538)	(3,193)	(1,022)	(3,272)
Profit from operations		58,437	78,457	69,932	37,738	25,319
Finance costs	6(a)	(2,571)	(1,989)	(1,289)	(881)	(182)
Changes in the carrying amount of redemption liabilities	23	(607)	(7,829)	(8,294)	(3,967)	–
Profit before taxation	6	55,259	68,639	60,349	32,890	25,137
Income tax	7	(8,088)	(11,100)	(8,599)	(4,770)	(2,877)
Profit for the year/period		47,171	57,539	51,750	28,120	22,260
Other comprehensive income for the year/period (after tax)						
Items that are or may be reclassified subsequently to profit or loss:						
– Exchange differences on translation of financial statements of overseas subsidiaries		–	–	(141)	(23)	(113)
Total comprehensive income for the year/period		47,171	57,539	51,609	28,097	22,147
Earnings per share	10					
– Basic and Diluted (RMB).		10.76	6.28	4.48	2.44	1.93

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		At 31 December			At 30 June
	Note	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment		1,405	694	321	1,436
Right-of-use assets	11	2,470	1,339	447	5,132
Intangible assets	12	3,105	1,543	3,187	3,667
Deferred tax assets	22(b)	6,225	8,060	9,374	10,461
		13,205	11,636	13,329	20,696
Current assets					
Contract assets	13(a)	73,123	116,269	144,973	146,506
Trade and bills receivables	14	50,028	85,700	87,742	70,863
Prepayments, deposits and other receivables	15	111,606	111,529	78,834	64,153
Financial assets measured at fair value through other comprehensive income ("FVOCI")	16	15,974	16,449	3,791	3,870
Restricted deposits	17(a)	—	—	—	3,895
Cash and cash equivalents	17(a)	101,095	111,576	72,215	129,963
		351,826	441,523	387,555	419,250
Current liabilities					
Trade payables	18	64,225	70,020	65,672	95,842
Accruals and other payables	19	82,749	86,193	52,535	43,535
Contract liabilities	13(b)	97,042	93,046	61,964	62,926
Bank loans	20	49,817	49,918	10,008	—
Lease liabilities	21	2,498	836	292	776
Current taxation	22(a)	1,242	11,109	5,740	3,457
Redemption liabilities	23	80,607	108,436	—	—
		378,180	419,558	196,211	206,536
Net current (liabilities)/assets		(26,354)	21,965	191,344	212,714
Total assets less current liabilities . . .		(13,149)	33,601	204,673	233,410
Non-current liability					
Lease liabilities	21	138	292	—	4,230
NET (LIABILITIES)/ASSETS		(13,287)	33,309	204,673	229,180
CAPITAL AND RESERVES					
Paid-in capital/share capital	25	4,383	11,546	11,546	11,546
Reserves		(17,670)	21,763	193,127	217,634
TOTAL (DEFICIT)/EQUITY		(13,287)	33,309	204,673	229,180

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		At 31 December			At 30 June
	Note	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Interests in subsidiaries	1	30,366	33,926	79,552	85,552
Property, plant and equipment		1,074	542	250	1,392
Right-of-use assets		2,124	1,184	395	5,132
Intangible assets		2,531	993	2,918	3,560
Deferred tax assets		5,831	7,631	9,098	10,177
		41,926	44,276	92,213	105,813
Current assets					
Contract assets	13(a)	69,726	115,471	142,311	142,316
Trade and bills receivables	14	45,161	81,469	88,673	71,972
Prepayments, deposits and other receivables	15	112,994	115,753	98,908	72,085
Financial assets measured at FVOCI . . .	16	15,974	15,329	3,791	2,435
Restricted deposits	17(a)	—	—	—	3,895
Cash and cash equivalents	17(a)	69,634	86,091	49,048	99,047
		313,489	414,113	382,731	391,750
Current liabilities					
Trade payables	18	75,928	99,018	127,657	149,759
Accruals and other payables	19	48,177	48,421	54,874	50,069
Contract liabilities	13(b)	94,886	90,220	57,703	49,265
Bank loans	20	49,817	49,918	10,008	—
Lease liabilities		2,148	733	292	776
Current taxation		1,101	11,039	5,412	3,194
Redemption liabilities	23	80,607	108,436	—	—
		352,664	407,785	255,946	253,063
Net current (liabilities)/assets		(39,175)	6,328	126,785	138,687
Total assets less current liabilities . . .		2,751	50,604	218,998	244,500
Non-current liability					
Lease liabilities		138	292	—	4,230
NET ASSETS		2,613	50,312	218,998	240,270
CAPITAL AND RESERVES					
Paid-in capital/share capital	25	4,383	11,546	11,546	11,546
Reserves		(1,770)	38,766	207,452	228,724
TOTAL EQUITY		2,613	50,312	218,998	240,270

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Paid-in capital	Capital reserve	Other reserve	Statutory Reserve	Exchange reserve	(Accumulated losses)/retained profits	Total equity/(deficit)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(b))	(Note 25(c)(i))	(Note 25(c)(ii))	(Note 25(c)(iii))	(Note 25(c)(iv))		
Balance at 1 January 2023 . . .	4,383	41,048	5,346	–	–	(33,330)	17,447
Changes in equity for 2023:							
Profit and total comprehensive income for the year	–	–	–	–	–	47,171	47,171
Recognition of redemption liabilities (Note 23)	–	–	(80,000)	–	–	–	(80,000)
Appropriation to statutory reserve	–	–	–	3,447	–	(3,447)	–
Equity-settled share-based transactions (Note 24)	–	–	2,095	–	–	–	2,095
Balance at 31 December 2023 and 1 January 2024	4,383	41,048	(72,559)	3,447	–	10,394	(13,287)
Changes in equity for 2024:							
Profit and total comprehensive income for the year	–	–	–	–	–	57,539	57,539
Recognition of redemption liabilities (Note 23)	–	–	(20,000)	–	–	–	(20,000)
Capital contributions (Note 25(b))	7,163	–	–	–	–	–	7,163
Appropriation to statutory reserve	–	–	–	2,326	–	(2,326)	–
Equity-settled share-based transactions (Note 24)	–	–	1,894	–	–	–	1,894
Balance at 31 December 2024 and 1 January 2025	11,546	41,048	(90,665)	5,773	–	65,607	33,309
Changes in equity for 2025:							
Profit for the year	–	–	–	–	–	51,750	51,750
Other comprehensive income . .	–	–	–	–	(141)	–	(141)
Total comprehensive income . .	–	–	–	–	(141)	51,750	51,609
Recognition of redemption liabilities (Note 23)	–	–	(37,323)	–	–	–	(37,323)
Derecognition of redemption liabilities upon termination of redemption rights (Note 23) . .	–	–	154,053	–	–	–	154,053
Equity-settled share-based transactions (Note 24)	–	–	3,025	–	–	–	3,025
Balance at 31 December 2025 .	<u>11,546</u>	<u>41,048</u>	<u>29,090</u>	<u>5,773</u>	<u>(141)</u>	<u>117,357</u>	<u>204,673</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

	Paid-in capital	Share capital	Capital reserve	Other reserve	Statutory Reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 25(b)(i))	(Note 25(b)(ii))	(Note 25(c)(i))	(Note 25(c)(ii))	(Note 25(c)(iii))	(Note 25(c)(iv))		
Balance at 1 January								
2026	11,546	—	41,048	29,090	5,773	(141)	117,357	204,673
Changes in equity for the six months ended 30 June 2026:								
Profit for the period	—	—	—	—	—	—	22,260	22,260
Other comprehensive income	—	—	—	—	—	(113)	—	(113)
Total comprehensive income	—	—	—	—	—	(113)	22,260	22,147
Conversion into a joint stock company with limited liability (Note 25(b))	(11,546)	11,546	160,774	(6,595)	(5,773)	—	(148,406)	—
Equity-settled share-based transactions (Note 24)	—	—	—	2,360	—	—	—	2,360
Balance at 30 June 2026	<u>—</u>	<u>11,546</u>	<u>201,822</u>	<u>24,855</u>	<u>—</u>	<u>(254)</u>	<u>(8,789)</u>	<u>229,180</u>
(Unaudited)								
Balance at 1 January								
2025	11,546	—	41,048	(90,665)	5,773	—	65,607	33,309
Changes in equity for the six months ended 30 June 2025:								
Profit for the period	—	—	—	—	—	—	28,120	28,120
Other comprehensive income	—	—	—	—	—	(23)	—	(23)
Total comprehensive income	—	—	—	—	—	(23)	28,120	28,097
Equity-settled share-based transactions (Note 24)	—	—	—	1,353	—	—	—	1,353
Balance at 30 June 2025	<u>11,546</u>	<u>—</u>	<u>41,048</u>	<u>(89,312)</u>	<u>5,773</u>	<u>(23)</u>	<u>93,727</u>	<u>62,759</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December			Six months ended 30 June	
	Note	2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Financing activities						
Proceeds from bank loans	17(c)	50,000	49,950	10,000	–	–
Repayment of bank loans	17(c)	(48,076)	(49,950)	(49,950)	–	(10,000)
Proceeds from capital contribution	25(b)	–	7,163	–	–	–
Proceeds from advances from related parties	27(b)	11,900	9,350	4,000	2,800	–
Repayment of advances from related parties	27(b)	–	–	(41,230)	(50)	(170)
Interest paid for bank loans . . .	17(c)	(2,307)	(1,810)	(1,228)	(791)	(130)
Capital element of lease rentals paid	17(c)	(1,429)	(1,710)	(836)	(466)	(644)
Interest element of lease rentals paid	17(c)	(136)	(78)	(21)	(14)	(60)
Payments in connection with the proposed [REDACTED] of the Company's H shares . . .		–	–	(88)	–	(4,240)
Net cash generated from/(used in) financing activities		<u>9,952</u>	<u>12,915</u>	<u>(79,353)</u>	<u>1,479</u>	<u>(15,244)</u>
Net increase/(decrease) in cash and cash equivalents						
		39,518	10,443	(39,253)	(36,975)	57,817
Cash and cash equivalents at 1 January	17(a)	61,568	101,095	111,576	111,576	72,215
Effect of foreign exchange rate changes		<u>9</u>	<u>38</u>	<u>(108)</u>	<u>(39)</u>	<u>(69)</u>
Cash and cash equivalents at 31 December/30 June	17(a)	<u>101,095</u>	<u>111,576</u>	<u>72,215</u>	<u>74,562</u>	<u>129,963</u>

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

PANACRO (Hangzhou) Pharmaceutical Consulting Co., Ltd. (the “Company”, formerly known as Panacro (Hefei) Pharmaceutical Technology Co., Ltd. 博納西亞(合肥)醫藥科技有限公司) was established in the People’s Republic of China (the “PRC”) on 25 May 2004 as a limited liability company and was converted into a joint stock company with limited liability on 22 January 2026.

The Company and its subsidiaries (together, “the Group”) are principally engaged in the provision of clinical trial contract research organisation (“CRO”) services.

The statutory financial statements of the Company for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Shenzhen Tiandi Certified Public Accountants (General Partnership) (深圳天地會計師事務所(普通合夥)), Beijing Ruiying Certified Public Accountants (General Partnership) (北京睿瑛會計師事務所(普通合夥)) and Zhejiang Henghui Certified Public Accountants Co., Ltd. (浙江恒惠會計師事務所有限公司), respectively.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies:

Company name	Place and date of establishment/ incorporation	Particulars of issued/paid-in capital	Proportion of ownership interest Held by the Company	Principal activities
Beijing Aismore Pharmaceutical Technology Co., Ltd. 北京艾斯默醫藥科技有限公司 (Notes (i), (ii) and (iii))	Chinese Mainland 18 September 2007	RMB1,000,000/ RMB1,000,000	100%	Clinical trial onsite services
Chengdu Panacro Pharmaceutical Technology Co., Ltd. 成都博納西亞醫藥科技有限公司 (Notes (i), (ii) and (iii)). . .	Chinese Mainland 28 June 2024	RMB10,000,000/ RMB4,000,000	100%	Vaccine CRO services
Beijing Ruijie Siyuan Pharmaceutical Technology Co., Ltd. 北京瑞傑思源醫藥科技有限公司 (Notes (i), (ii) and (iii))	Chinese Mainland 23 October 2013	RMB10,000,000/ RMB10,000,000	100%	Clinical trial subject recruitment
Suzhou Panacro Pharmaceutical Technology Co., Ltd. 蘇州博納西亞醫藥科技有限公司 (Notes (i), (ii) and (iii)). . .	Chinese Mainland 20 February 2020	RMB10,000,000/ RMB10,000,000	100%	Vaccine CRO services
Linzhi (Beijing) Technology Co., Ltd. 臨智(北京)科技有限責任公司 (Notes (i), (ii) and (iii))	Chinese Mainland 11 December 2019	RMB5,000,000/ RMB5,000,000	100%	Data management and biostatistics
Beijing Staphy Pharmaceutical Technology Co., Ltd. 北京斯達菲醫藥科技有限公司 (Notes (i), (ii) and (iii)). . .	Chinese Mainland 7 February 2017	RMB1,000,000/ RMB1,000,000	100%	Functional service provision
Panacro (Asia Pacific) Pharmaceutical Technology Pte. Ltd. (Notes (i) and (iv))	Singapore 26 June 2023	Singapore dollar (“SG\$”)1,000,000/ SG\$1,000,000	100%	Clinical CRO services

APPENDIX I

ACCOUNTANTS’ REPORT

Company name	Place and date of establishment/ incorporation	Particulars of issued/paid-in capital	Proportion of ownership interest Held by the Company	Principal activities
Pana Holding Inc., (<i>Notes (i) and (iii)</i>)	The United States of America 12 February 2024	United States dollar (“US\$”) 1,000,000/ US\$1,000,000	100%	Clinical CRO services
Panacro (Australia) Pharmaceutical Technology Pty Ltd. (<i>Notes (i) and (v)</i>) .	Australia 25 October 2023	1 share/nil	100%	Clinical CRO services
Guangdong Weilin Medical Technology Co., Ltd. (“Guangdong Weilin”) 廣東微臨醫療科技有限公司 (<i>Notes (i), (ii), (iii) and (vi)</i>)	Chinese Mainland 15 January 2021	RMB50,000,000/ RMB50,000,000	100%	Developing digital solutions for clinical trials
Panacro (Hong Kong) Pharmaceutical Technology Company Limited 博納西亞 (香港)醫藥科技有限公司 (<i>Notes (i) and (iii)</i>)	Hong Kong 22 October 2025	1,000,000 shares/nil	100%	Clinical CRO services

Notes:

- (i) These entities were registered as limited liability companies under the laws and regulations in the jurisdiction of incorporation.
- (ii) The official name of these entities are in Chinese. The English translations are for identification purpose only.
- (iii) These entities have adopted 31 December as their financial year end date. No statutory financial statements of these entities have been prepared during the Track Record Period.
- (iv) The statutory financial statements of this entity for the years ended 31 May 2024 and 2025 were prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards and audited by MRI Moores Rowland LLP. No statutory financial statements for the year ended 31 May 2026 have been prepared as of the date of this report.
- (v) This entity has adopted 31 May as its financial year end date. No statutory financial statements have been prepared during the Track Record Period.
- (vi) On 28 October 2025, the Company signed an equity transfer agreement with Mr. Zhao Min, Shanghai Yilian Enterprise Management Centre (Limited Partnership) and Shanghai Yiguang Enterprise Management Centre (Limited Partnership) to acquire 100% equity interest of Guangdong Weilin controlled by Mr. Zhao Min at nil consideration. The acquisition was completed on 22 December 2025 and regarded as a business combination under common control, and has therefore been accounted for using the pooling of interest method as if the acquisition had been completed since the date Guangdong Weilin came under the common control of Mr. Zhao Min. The assets and liabilities of Guangdong Weilin have been included using the existing book values from Mr. Zhao Min’s perspective. No adjustments were made to reflect fair values, or recognise any new assets or liabilities as a result of such acquisition.

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2026. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2026 are set out in Note 30.

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in Renminbi (“RMB”), which is the Company’s functional currency. All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets measured at FVPL and financial assets measured at FVOCI are stated at their fair value as explained in Note 2(e).

(b) Use of estimates and judgements

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

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

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

(c) Business combination

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the financial statements of the ultimate controlling party at the combination date. The difference between the carrying amounts of the net assets acquired and the consideration paid for the combination is adjusted to equity. Any costs directly attributable to the combination are recognised in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities.

Business combination is accounted for under the acquisition method except for business combination under common control.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships, such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

APPENDIX I

ACCOUNTANTS’ REPORT

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(e) Other investments in securities

The Group’s policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 26(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit and loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income (“OCI”). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

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

Electronic equipment and others	3-5 years
Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

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

Software	Useful period agreed upon in the contract
--------------------	---

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Leased assets

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

As a lessee

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (“ECL”)s on:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted deposits, trade receivables and other receivables);
- contract assets (see Note 2(j)); and
- non-equity securities measured at FVOCI (recycling) (see Note 2(e))

Measurement of ECLs

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

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

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

APPENDIX I

ACCOUNTANTS’ REPORT

Write-off policy

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

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

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contact assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s).

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

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

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)(iii)).

(k) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

APPENDIX I

ACCOUNTANTS’ REPORT

(l) Cash and cash equivalents

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

(m) Trade and other payables

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

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).

(o) Redemption liabilities

A contract that contains an obligation to purchase the Company’s equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company’s obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be required to pay from time to time. Any change in the carrying amount of the redemption liability arising from the remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s redemption right.

The redemption liability is classified as current as the Company does not have an unconditional right to defer payments beyond 12 months from the reporting date.

(p) Employee benefits

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

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

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

(ii) Share-based payments

The share-based payment arrangement of the Company is set out in Note 24. The grant-date fair value of equity-settled share-based payment granted to employees is measured at the fair value of the shares granted at the grant dates. The amount is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

The equity amount is recognised in the other reserve until either the equity-settled share-based payments award is exercised (when it is included in the amount recognised in capital reserve) or the equity-settled share-based payments award expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

APPENDIX I

ACCOUNTANTS’ REPORT

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

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

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(i)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

APPENDIX I

ACCOUNTANTS’ REPORT

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

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

Revenue is recognised when control over a service or product is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) Rendering of services

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the Group transfers the control for services/deliverable units and has right to payment from the customers for the services performed upon finalisation, or upon the delivery and acceptance of the deliverable units.

The Group’s revenue from rendering of services has different contractual arrangements with different customers under two different charge models: fee-for-services (“FFS”) model or full-time-equivalents (“FTE”).

Clinical trial technical services are under the FFS model. Revenue from clinical trial technical services is recognised over time as the Group’s performance has created an asset with no alternative use and the Group has an enforceable right for payments for performance completed to date. The Group measures the progress towards complete satisfaction of a performance obligation using cost-to-cost (input method). Under the input method, the Group uses the known cost measure of progress when it best depicts the transfer of value to the customer which occurs as the Group incurs costs on its contract, the extent of progress towards completion is measured based on the ratio of actual costs incurred to date to the total estimated costs at completion of the performance obligation. Revenue is recorded proportionally as costs are incurred.

Functional service provision (“FSP”) services are under the FTE model. For services under the FTE model, a dedicated team of employees are provided to a customer’s project for a specified period of time and charge the customer at fixed rate per employee. The customer simultaneously receives and consumes benefits provided by the Group’s performance. Therefore, the revenue is recognised over time at the amount to which the Group has the right to invoice for the performance completed to date (i.e. FTE billable amounts, which are calculated based on the number of employees assigned to the project and the time employees worked), usually in the form of a monthly statement. Under the FTE model, the Group measures its progress by using units produced/services transferred to the customer to date (output method).

(ii) Sale of software products

Revenue is recognised when the customer takes possession of and accepts the software products.

(iii) Other income

- *Interest income*

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets

APPENDIX I

ACCOUNTANTS’ REPORT

that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

– *Government grants*

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

(u) Borrowing costs

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

(v) Related parties

(a) A person, or a close member of that person’s family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group’s parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

APPENDIX I

ACCOUNTANTS’ REPORT

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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

(w) Segment reporting

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

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

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 24 and 26(e) contain information about the assumptions and their risk factors relating to fair value of equity-settled share-based transactions and financial instruments:

Expected credit loss for trade receivables and contract assets

The credit loss for trade receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, set Note 26(a). Changes in these assumptions and estimation could materially affect the result of the assessment and it may be necessary to make additional loss allowance in future periods.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the provision of clinical trial CRO services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by types of services is as follow:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Clinical trial technical services	317,617	290,320	269,947	149,607	161,479
FSP services	50,616	49,510	63,324	28,833	41,244
Others	2,286	451	2,660	970	1,194
	<u>370,519</u>	<u>340,281</u>	<u>335,931</u>	<u>179,410</u>	<u>203,917</u>
Timing of recognition					
Over time	370,507	340,253	335,265	178,777	203,905
Point in time	12	28	666	633	12
	<u>370,519</u>	<u>340,281</u>	<u>335,931</u>	<u>179,410</u>	<u>203,917</u>

APPENDIX I

ACCOUNTANTS’ REPORT

During the Track Record Period, the Group’s customers with whom transactions have exceeded 10% of the Group’s revenue in the respective years/periods are as follows.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Customer A	80,154	45,318	39,889	20,122	25,453
Customer B	52,486	40,680	54,537	41,286	35,961
Customer C	*	55,183	64,190	39,917	33,108
Customer D	37,978	*	*	*	*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective years/periods.

Details of concentrations of credit risk of the Group are set out in Note 26(a).

(ii) **Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date**

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group’s existing contracts were RMB726,371,000, RMB563,908,000 and RMB528,942,000 and RMB578,250,000 respectively.

Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of each reporting period during the Track Record Period will be recognised within 3 years from the end of each reporting period.

(b) **Segment reporting**

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

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

Geographic information

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location of projects conducted.

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Chinese Mainland (place of domicile)	342,120	331,256	324,142	174,476	195,297
Overseas	28,399	9,025	11,789	4,934	8,620
	<u>370,519</u>	<u>340,281</u>	<u>335,931</u>	<u>179,410</u>	<u>203,917</u>

All of the Group’s non-current assets are located in the PRC. Accordingly, no segment analysis based on geographical location of the assets is provided.

APPENDIX I

ACCOUNTANTS’ REPORT

5. OTHER NET INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income on:					
– amounts due from related parties (Note 27(b))	2,182	2,536	2,682	1,453	315
– bank deposits	250	202	132	52	37
Net foreign exchange gains/(losses)	8	(78)	(21)	(21)	13
Government grants	1,125	1,450	527	288	–
Change in fair value of financial assets measured at FVPL	136	142	330	192	31
Net (loss)/gain on disposal of property, plant and equipment and right-of-use assets	(10)	241	(8)	(8)	–
Others	417	(9)	436	350	215
	<u>4,108</u>	<u>4,484</u>	<u>4,078</u>	<u>2,306</u>	<u>611</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank loans . . .	2,435	1,911	1,268	867	122
Interest on lease liabilities	136	78	21	14	60
	<u>2,571</u>	<u>1,989</u>	<u>1,289</u>	<u>881</u>	<u>182</u>

(b) Staff costs

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, wages, bonuses and other benefits	148,007	123,266	127,971	61,339	75,857
Contributions to defined contribution retirement plans	10,013	8,675	8,601	4,475	5,455
Equity-settled share-based payment expenses (Note 24).	2,095	1,894	3,025	1,353	2,360
	<u>160,115</u>	<u>133,835</u>	<u>139,597</u>	<u>67,167</u>	<u>83,672</u>

Notes:

- (i) Employees of the Group in Chinese Mainland are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group’s entities in Chinese Mainland contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

APPENDIX I

ACCOUNTANTS’ REPORT

- (ii) Overseas subsidiaries of the Group are subject to the statutory enterprise contribution retirement scheme under the laws of the respective jurisdictions.
- (iii) Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution. The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) **Other items**

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Amortisation cost of intangible assets (Note 12)	2,948	2,088	1,968	950	1,125
Depreciation charge					
– property, plant and equipment	918	813	489	274	154
– right-of-use assets (Note 11)	2,313	1,574	892	577	673
	<u>6,179</u>	<u>4,475</u>	<u>3,349</u>	<u>1,801</u>	<u>1,952</u>
Impairment losses recognised on financial assets and contract assets					
– contract assets (Note 13 (a))	123	123	1,605	740	1,676
– trade receivables (Note 14)	38	346	1,479	221	1,588
– other receivables (Note 15)	113	69	109	61	8
	<u>274</u>	<u>538</u>	<u>3,193</u>	<u>1,022</u>	<u>3,272</u>
[REDACTED]	–	–	4,839	–	11,026

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

(a) **Taxation in the consolidated statements of profit or loss and other comprehensive income represents**

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax (Note 22 (a))					
Provision for the year/period	8,532	12,935	9,913	5,092	3,964
Deferred tax (Note 22 (b))					
Origination and reversal of temporary differences . .	(444)	(1,835)	(1,314)	(322)	(1,087)
	<u>8,088</u>	<u>11,100</u>	<u>8,599</u>	<u>4,770</u>	<u>2,877</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Reconciliation between tax expense and accounting profit at applicable tax rate

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before taxation	55,259	68,639	60,349	32,890	25,137
Notional tax on profit before taxation, at PRC statutory tax rate (Note (i))	13,815	17,160	15,087	8,223	6,284
Tax effect of:					
– different tax rates applied by subsidiaries (Note (ii))	(3)	10	(28)	(21)	46
– preferential tax rate (Note (iii))	(4,949)	(6,650)	(6,418)	(3,510)	(2,709)
– changes in the carrying amount of redemption liabilities	91	1,174	1,244	595	–
– non-deductible expenses	683	898	306	161	267
– unused tax losses and deductible temporary differences not recognised	1,380	844	781	464	258
– utilisation of tax losses previously not recognised	–	–	–	–	(114)
– additional deduction on research and development expenses (Note (iv))	(2,929)	(2,336)	(2,373)	(1,142)	(1,155)
Actual tax expense	8,088	11,100	8,599	4,770	2,877

Notes:

- (i) The Company and subsidiaries of the Group established in the PRC are subject to PRC corporate income tax rate of 25% during the Track Record Period.
- (ii) The Group’s subsidiary incorporated in Singapore is subject to corporate income tax of Singapore on its taxable income at a rate of 17% during the Track Record Period.

The Group’s subsidiary incorporated in Australia is subject to corporate income tax of Australia on its taxable income at a rate of 25% during the Track Record Period.

The Group’s subsidiary incorporated in the United States of America is subject to U.S. corporate income tax on its taxable income at 21% federal corporate income tax rate and other relevant states tax rate at a maximum of 8.7% during the Track Record Period.

The Group’s subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax on its assessable profits at 16.5%. There are no assessable profits arising from Hong Kong during the Track Record Period.

- (iii) Under the PRC Income Tax Laws, an enterprise which qualifies as a High and New Technology Enterprise (“HNTE”) is entitled to a preferential tax rate of 15% provided it continues to meet HNTE qualification standards on an annual basis. The Company was qualified as an HNTE and is entitled for a preferential tax rate of 15% during the Track Record Period.

Pursuant to tax relief policies issued by Ministry of Finance and State Taxation Administration of the PRC, companies which meet: 1) annual taxable profits less than RMB3 million; 2) employees less than 300; and 3) total assets less than RMB50 million, are entitled for a preferential effective tax rate of 5%. Certain subsidiaries of the Group established in the PRC enjoyed above-mentioned tax relief policies during the Track Record Period.

- (iv) The Company and Guangdong Weilin are entitled to an additional tax-deductible allowance calculated at 100% of the qualified research and development expenses incurred during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

8. DIRECTORS’ AND SUPERVISOR’S EMOLUMENTS

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

Year ended 31 December 2023							
	Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr. Zhao Min	—	963	300	48	1,311	—	1,311
Mr. Zhao Liang . . .	—	278	22	24	324	—	324
Mr. Zhang Bokang .	—	479	200	40	719	76	795
Mr. Gu Zhifu	—	536	200	40	776	13	789
Ms. Huang Yiling . .	—	—	—	—	—	—	—
Supervisor							
Ms. Wang Ying	—	236	20	21	277	—	277
	—	2,492	742	173	3,407	89	3,496
	—						

	Year ended 31 December 2024						
	Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr. Zhao Min	—	687	—	59	746	—	746
Mr. Zhao Liang . . .	—	278	29	24	331	—	331
Mr. Zhang Bokang .	—	481	200	42	723	99	822
Mr. Gu Zhifu	—	483	144	42	669	17	686
Ms. Huang Yiling . .	—	—	—	—	—	—	—
Supervisor							
Ms. Wang Ying	—	234	24	20	278	—	278
	—	2,163	397	187	2,747	116	2,863
	—						

	Year ended 31 December 2025						
	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors							
Mr. Zhao Min	—	686	—	59	745	—	745
Mr. Zhao Liang . . .	—	278	40	24	342	—	342
Mr. Zhang Bokang .	—	481	200	42	723	129	852
Mr. Gu Zhifu	—	539	200	42	781	21	802
Ms. Huang Yiling							
(Note (i))	—	—	—	—	—	—	—
Mr. Li Shaonan							
(Note(i))	—	—	—	—	—	—	—
Supervisor							
Ms. Wang Ying	—	233	51	20	304	—	304
	—	2,217	491	187	2,895	150	3,045

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2026

	Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr. Zhao Min	–	339	–	25	364	–	364
Mr. Zhao Liang (Notes (ii) and (iv))	–	12	1	1	14	–	14
Mr. Zhang Bokang (Note (ii))	–	21	9	2	32	11	43
Mr. Gu Zhifu (Note (ii))	–	21	9	2	32	7	39
Mr. Li Shaonan (Note (ii))	–	–	–	–	–	–	–
Mr. Chu Weiming (Notes (ii) and (iv))	–	–	–	–	–	–	–
Ms. Xie Li (Note (ii))	–	184	110	16	310	–	310
Ms. Geng Anni (Note (ii))	–	371	–	24	395	–	395
Independent non-executive directors							
Mr. Zhang Kejian (Note (ii))	44	–	–	–	44	–	44
Mr. Hu Kun (Note (ii))	44	–	–	–	44	–	44
Mr. Xu Youlin (Note (ii))	44	–	–	–	44	–	44
Supervisor							
Ms. Wang Ying (Note (ii))	–	10	1	1	12	–	12
	<u>132</u>	<u>958</u>	<u>130</u>	<u>71</u>	<u>1,291</u>	<u>18</u>	<u>1,309</u>

Six months ended 30 June 2025 (unaudited)

	Directors’ fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Directors							
Mr. Zhao Min	–	343	–	30	373	–	373
Mr. Zhao Liang . . .	–	139	20	12	171	–	171
Mr. Zhang Bokang .	–	240	100	21	361	60	421
Mr. Gu Zhifu	–	297	100	21	418	10	428
Ms. Huang Yiling . .	–	–	–	–	–	–	–
Supervisor							
Ms. Wang Ying	–	117	26	10	153	–	153
	–	<u>1,136</u>	<u>246</u>	<u>94</u>	<u>1,476</u>	<u>70</u>	<u>1,546</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Notes:

- (i) On 12 November 2025, Ms. Huang Yiling resigned as a director of the Company and Mr. Li Shaonan was appointed as a director of the Company.
- (ii) Pursuant to resolutions of shareholders on 16 January 2026, Mr. Zhao Min, Ms. Xie Li and Ms. Geng Anni were appointed as executive directors of the Company, Mr. Chu Weiming were appointed as a non-executive director of the Company. Mr. Zhang Kejian, Mr. Hu Kun and Mr. Xu Youlin were appointed as independent non-executive directors of the Company.

On the same day, Mr. Zhao Liang, Mr. Zhang Bokang, Mr. Gu Zhifu and Mr. Li Shaonan resigned as directors of the Company. Ms. Wang Ying resigned as supervisor of the Company.

- (iii) The Company formally abolished its Board of Supervisors on 16 January 2026.

- (iv) On 28 July 2026, Mr. Chu Weiming resigned as a non-executive director of the Company.

Pursuant to resolutions of shareholders on 13 August 2026, Mr. Zhao Liang was appointed as an executive director of the Company.

9. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The number of directors, supervisor and other employees included in the five individuals with the highest emoluments during the Track Record Period are set forth below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				(unaudited)	
Directors and supervisor . .	1	—	—	—	—
Other employees	4	5	5	5	5
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors or supervisor are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other emoluments	3,116	4,982	4,499	2,663	1,925
Discretionary bonuses . . .	670	107	1,478	565	862
Retirement scheme contributions	136	130	280	70	101
Equity-settled share-based payments	<u>556</u>	<u>56</u>	<u>73</u>	<u>502</u>	<u>1,219</u>
	<u>4,478</u>	<u>5,275</u>	<u>6,330</u>	<u>3,800</u>	<u>4,107</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The emoluments of the individuals who are not directors nor supervisor and who are amongst the five individuals with highest emoluments of the Group are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
				<i>(unaudited)</i>	
Nil – Hong Kong dollar (“HK\$”) 1,000,000	–	2	–	4	4
HK\$1,000,001 – HK\$1,500,000	4	3	5	1	1

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the following profit attributable to ordinary equity owners/shareholders of the Company and the weighted average number of ordinary shares in issue or deemed to be in issue during the Track Record Period.

As described in Note 25(b)(ii), the Company was converted into a joint stock limited liability company and issued 11,546,154 shares with the par value of RMB1 each on 22 January 2026. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2023, at the exchange ratio established in the conversion in January 2026.

(i) Profit for the year attributable to ordinary equity owners/shareholders of the Company

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
				<i>(unaudited)</i>	
Profit for the year/period attributable to all equity owners/shareholders of the Company	47,171	57,539	51,750	28,120	22,260
Less: allocation of profit for the year/period attributable to the ordinary shares with redemption right (<i>Note 23</i>)	<u>(460)</u>	<u>(3,829)</u>	<u>(3,030)</u>	<u>(1,562)</u>	<u>–</u>
Profit for the year/period attributable to ordinary equity owners/shareholders of the Company	<u>46,711</u>	<u>53,710</u>	<u>48,720</u>	<u>26,558</u>	<u>22,260</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Weighted average number of ordinary shares

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Number of shares	Number of shares	Number of shares	Number of shares	Number of shares
	'000	'000	'000	'000 (unaudited)	'000
Ordinary shares deemed to be in issue at 1 January .	4,383	4,383	11,546	11,546	11,546
Effect of ordinary shares deemed to be issued (Note 25(b))	—	4,776	—	—	—
Effect of ordinary shares with redemption right (Note 23)	(43)	(609)	(676)	(641)	—
Weighted average number of ordinary shares deemed to be in issue/in issue at 31 December/ 30 June	<u>4,340</u>	<u>8,550</u>	<u>10,870</u>	<u>10,905</u>	<u>11,546</u>

(b) Diluted earnings per share

Ordinary shares with redemption right (see Note 23) were not included in the calculation of diluted earnings per share because their effect would have been anti-dilutive. Accordingly, diluted earnings per share for each year/period during the Track Record Period were the same as basic earnings per share of the respective years/periods.

11. RIGHT-OF-USE ASSETS

The Group

	Properties
	RMB'000
Cost:	
At 1 January 2023	8,519
Additions	519
Disposals	(743)
At 31 December 2023 and 1 January 2024	8,295
Additions	3,520
Early termination of leases	(7,831)
Disposals	(426)
At 31 December 2024 and 1 January 2025	3,558
Disposals	(2,211)
At 31 December 2025 and 1 January 2026	1,347
Additions	5,358
Disposals	(206)
At 30 June 2026	<u>6,499</u>
Accumulated depreciation:	
At 1 January 2023	(4,255)
Charge for the year	(2,313)
Written back on disposals	743

APPENDIX I

ACCOUNTANTS’ REPORT

	Properties
	<i>RMB'000</i>
At 31 December 2023 and 1 January 2024	(5,825)
Charge for the year	(1,574)
Early termination of leases	4,754
Written back on disposals	426
At 31 December 2024 and 1 January 2025	(2,219)
Charge for the year	(892)
Written back on disposals	2,211
At 31 December 2025 and 1 January 2026	(900)
Charge for the period	(673)
Written back on disposals	206
At 30 June 2026	(1,367)
Net book value:	
At 31 December 2023	2,470
At 31 December 2024	1,339
At 31 December 2025	447
At 30 June 2026	5,132

During the Track Record Period, the Group mainly leases properties for its office space. The leases typically run for 2 to 5 years.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Depreciation charge of right-of-use assets	2,313	1,574	892	577	673
Interest expenses on lease liabilities (<i>Note 6(a)</i>) . .	136	78	21	14	60
Expenses relating to short-term assets	148	–	6	2	7
Net gain on early termination of leases . .	–	241	–	–	–
	<u>–</u>	<u>241</u>	<u>–</u>	<u>–</u>	<u>–</u>

Details of total cash outflow for leases and maturity analysis of lease liabilities are set out in Notes 17(d) and 21.

12. INTANGIBLE ASSETS

The Group

	Software
	<i>RMB'000</i>
Cost:	
At 1 January 2023	8,926
Additions	2,194
Disposals	(4,168)
At 31 December 2023 and 1 January 2024	6,952

APPENDIX I

ACCOUNTANTS’ REPORT

	Software
	<i>RMB'000</i>
Additions	526
Disposals	(1,812)
At 31 December 2024 and 1 January 2025	5,666
Additions	3,612
Disposals	(4,052)
At 31 December 2025 and 1 January 2026	5,226
Additions	1,605
Disposals	(783)
At 30 June 2026	6,048
Accumulated amortisation:	
At 1 January 2023	(5,067)
Charge for the year	(2,948)
Written back on disposals	4,168
At 31 December 2023 and 1 January 2024	(3,847)
Charge for the year	(2,088)
Written back on disposals	1,812
At 31 December 2024 and 1 January 2025	(4,123)
Charge for the year	(1,968)
Written back on disposals	4,052
At 31 December 2025 and 1 January 2026	(2,039)
Charge for the period	(1,125)
Written back on disposals	783
At 30 June 2026	(2,381)
Net book value:	
At 31 December 2023	3,105
At 31 December 2024	1,543
At 31 December 2025	3,187
At 30 June 2026	3,667

13. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets	73,339	116,608	146,917	150,126
Less: loss allowance	(216)	(339)	(1,944)	(3,620)
	<u>73,123</u>	<u>116,269</u>	<u>144,973</u>	<u>146,506</u>

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets	69,932	115,808	144,238	145,914
Less: loss allowance	(206)	(337)	(1,927)	(3,598)
	<u>69,726</u>	<u>115,471</u>	<u>142,311</u>	<u>142,316</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Contract assets primarily relate to the Group’s rights to the consideration for work completed but not yet billed and will be transferred to trade receivables when the rights become unconditional.

(b) Contract liabilities

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Obligation to provide services and sale of software products in connection with advances received or receivable from customers . . .	<u>97,042</u>	<u>93,046</u>	<u>61,964</u>	<u>62,926</u>

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Obligation to provide services in connection with advances received or receivable from customers . . .	<u>94,886</u>	<u>90,220</u>	<u>57,703</u>	<u>49,265</u>

Movements in contract liabilities

The Group

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	<u>63,449</u>	<u>84,710</u>	<u>72,647</u>	<u>40,263</u>

The Company

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	<u>61,581</u>	<u>84,255</u>	<u>71,719</u>	<u>37,670</u>

APPENDIX I

ACCOUNTANTS’ REPORT

14. TRADE AND BILLS RECEIVABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from third parties .	47,380	74,635	86,671	66,577
Less: loss allowance	(374)	(720)	(2,199)	(3,787)
	47,006	73,915	84,472	62,790
Bills receivables	3,022	11,785	3,270	8,073
	50,028	85,700	87,742	70,863

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables from third parties .	42,459	70,314	83,177	63,110
Trade receivables from subsidiaries .	—	—	3,900	3,976
	42,459	70,314	87,077	67,086
Less: loss allowance	(320)	(630)	(1,674)	(3,187)
	42,139	69,684	85,403	63,899
Bills receivables	3,022	11,785	3,270	8,073
	45,161	81,469	88,673	71,972

All of trade and bill receivables of the Group and the Company are expected to be received within one year.

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade and bills receivables, based on the invoice date and net of loss allowance, is as follows:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	47,329	78,379	69,749	53,427
1 to 2 years	1,667	6,799	12,518	14,180
2 to 3 years	1,030	505	5,461	3,250
3 to 4 years	2	17	14	6
	50,028	85,700	87,742	70,863

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	42,826	75,762	73,519	56,760
1 to 2 years	1,303	5,446	11,256	12,600
2 to 3 years	1,030	244	3,896	2,606
3 to 4 years	2	17	2	6
	<u>45,161</u>	<u>81,469</u>	<u>88,673</u>	<u>71,972</u>

Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 26(a).

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for purchase of services	34,933	30,829	23,102	31,754
Amounts due from related parties (Note (i))				
– amounts due from Mr. Zhao Min and Ms. Zhou Zhongying	71,607	77,143	50,325	20,659
Deposits	2,330	1,202	1,630	3,553
Advances to staff	1,138	1,123	1,219	2,073
Prepayments in connection with the proposed [REDACTED] of the Company’s H shares	–	–	1,613	5,255
Others	<u>1,953</u>	<u>1,656</u>	<u>1,478</u>	<u>1,400</u>
	111,961	111,953	79,367	64,694
Less: loss allowance	<u>(355)</u>	<u>(424)</u>	<u>(533)</u>	<u>(541)</u>
	<u>111,606</u>	<u>111,529</u>	<u>78,834</u>	<u>64,153</u>

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments for purchase of services	32,246	30,504	25,468	29,986
Amounts due from related parties (Note (i))				
– amounts due from Mr. Zhao Min and Ms. Zhou Zhongying	71,366	76,901	50,083	20,428
Amounts due from subsidiaries (Note (ii))	5,874	5,831	18,897	10,432
Deposits	1,489	548	988	3,496
Advances to staff	957	846	1,008	1,539
Prepayments in connection with the proposed [REDACTED] of the Company’s H shares	–	–	1,613	5,255
Others	<u>1,290</u>	<u>1,413</u>	<u>1,312</u>	<u>1,419</u>
	113,222	116,043	99,369	72,555
Less: loss allowance	<u>(228)</u>	<u>(290)</u>	<u>(461)</u>	<u>(470)</u>
	<u>112,994</u>	<u>115,753</u>	<u>98,908</u>	<u>72,085</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Apart from prepayments in connection with the proposed [REDACTED] of the Company’s H shares, which is expected to be debited to equity upon the [REDACTED], all prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year.

Notes:

- (i) During the Track Record Period, amounts due from Mr. Zhao Min and Ms. Zhou Zhongying are unsecured, interest bearing at 2.50% to 4.75% per annum and have no fixed terms of repayment.
- (ii) Amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment.

16. FINANCIAL ASSETS MEASURED AT FVOCI

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	15,974	16,449	3,791	3,870

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable	15,974	15,329	3,791	2,435

The above bills receivable are held by the Group and the Company within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these bills receivable. Hence, these bills receivable are classified as financial assets measured at FVOCI.

17. CASH AND CASH EQUIVALENTS, RESTRICTED DEPOSITS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	101,095	111,576	72,215	133,858
Less: restricted deposits	—	—	—	3,895
Cash and cash equivalents	101,095	111,576	72,215	129,963

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank	69,634	86,091	49,048	102,942
Less: restricted deposits	—	—	—	3,895
Cash and cash equivalents	69,634	86,091	49,048	99,047

As at 30 June 2026, restricted deposits represented deposits for performance guarantee.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Operating activities						
Profit before taxation . . .		55,259	68,639	60,349	32,890	25,137
Adjustments for:						
Depreciation and amortisation	6(c)	6,179	4,475	3,349	1,801	1,952
Impairment loss recognised on trade and other receivables and contract assets	6(c)	274	538	3,193	1,022	3,272
Finance costs	6(a)	2,571	1,989	1,289	881	182
Equity-settled share-based payments expenses	6(b)	2,095	1,894	3,025	1,353	2,360
Changes in the carrying amount of redemption liabilities	23	607	7,829	8,294	3,967	–
Change in fair value of financial assets measured at FVPL	5	(136)	(142)	(330)	(192)	(31)
Interest income on amounts due from related parties	5	(2,182)	(2,536)	(2,682)	(1,453)	(315)
Net loss/(gain) on disposal of property, plant and equipment and right-of-use assets	5	10	(241)	8	8	–
Changes in working capital:						
– Trade and bills receivables		71,403	(36,018)	(3,521)	4,735	15,291
– Financial assets measured at FVOCI		(15,974)	(475)	12,658	(23,359)	(79)
– Contract assets		(49,951)	(43,269)	(30,309)	3,444	(3,209)
– Prepayments, deposits and other receivables		(180)	5,544	7,381	5,216	(11,351)
– Trade payables		20,472	6,550	(6,783)	7,043	30,829
– Accruals and other payables		6,480	(5,945)	2,014	(13,707)	(8,275)
– Contract liabilities		(25,792)	(3,996)	(31,082)	(20,238)	962
– Restricted deposits		–	–	–	–	(3,895)
Cash generated from operations		<u>71,135</u>	<u>4,836</u>	<u>26,853</u>	<u>3,411</u>	<u>52,830</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Reconciliation of liabilities arising from financing activities

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

	Bank loans	Amounts due to related parties	Lease liabilities	Redemption liabilities	Total
	<i>RMB'000</i> <i>(Note 20)</i>	<i>RMB'000</i> <i>(Note 19)</i>	<i>RMB'000</i> <i>(Note 21)</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i>
At 1 January 2023	47,765	17,700	3,546	–	69,011
Changes from financing cash flows:					
Proceeds from bank loans	50,000	–	–	–	50,000
Proceeds from advances from related parties	–	11,900	–	–	11,900
Repayment of bank loans	(48,076)	–	–	–	(48,076)
Capital element of lease rentals paid	–	–	(1,429)	–	(1,429)
Interest element of lease rentals paid	–	–	(136)	–	(136)
Interest paid for bank loans	(2,307)	–	–	–	(2,307)
Total changes from financing cash flows	(383)	11,900	(1,565)	–	9,952
Other changes:					
Interest expenses <i>(Note 6(a))</i>	2,435	–	136	–	2,571
Increase in lease liabilities from entering into new leases during the year <i>(Note 11)</i>	–	–	519	–	519
Changes in the carrying amount of redemption liabilities <i>(Note 23)</i>	–	–	–	607	607
Recognition of redemption liabilities <i>(Note 23)</i>	–	–	–	80,000	80,000
Total other changes	2,435	–	655	80,607	83,697
At 31 December 2023 and 1 January 2024	49,817	29,600	2,636	80,607	162,660
Changes from financing cash flows:					
Proceeds from bank loans	49,950	–	–	–	49,950
Proceeds from advances from related parties	–	9,350	–	–	9,350
Repayment of bank loans	(49,950)	–	–	–	(49,950)
Capital element of lease rentals paid	–	–	(1,710)	–	(1,710)
Interest element of lease rentals paid	–	–	(78)	–	(78)
Interest paid for bank loans	(1,810)	–	–	–	(1,810)
Total changes from financing cash flows	(1,810)	9,350	(1,788)	–	5,752
Other changes:					
Interest expenses <i>(Note 6(a))</i>	1,911	–	78	–	1,989
Increase in lease liabilities from entering into new leases during the year <i>(Note 11)</i>	–	–	3,520	–	3,520
Early termination of leases	–	–	(3,318)	–	(3,318)
Changes in the carrying amount of redemption liabilities <i>(Note 23)</i>	–	–	–	7,829	7,829
Recognition of redemption liabilities <i>(Note 23)</i>	–	–	–	20,000	20,000
Total other changes	1,911	–	280	27,829	30,020
At 31 December 2024	49,918	38,950	1,128	108,436	198,432

APPENDIX I

ACCOUNTANTS’ REPORT

	Bank loans	Amounts due to related parties	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 20)	RMB'000 (Note 19)	RMB'000 (Note 21)	RMB'000 (Note 23)	RMB'000
At 1 January 2025	49,918	38,950	1,128	108,436	198,432
Changes from financing cash flows:					
Proceeds from bank loans	10,000	—	—	—	10,000
Proceeds from advances from related parties	—	4,000	—	—	4,000
Repayment of bank loans	(49,950)	—	—	—	(49,950)
Repayment of advances from related parties	—	(41,230)	—	—	(41,230)
Capital element of lease rentals paid	—	—	(836)	—	(836)
Interest element of lease rentals paid	—	—	(21)	—	(21)
Interest paid for bank loans	(1,228)	—	—	—	(1,228)
Total changes from financing cash flows	(41,178)	(37,230)	(857)	—	(79,265)
Other changes:					
Interest expenses (Note 6(a))	1,268	—	21	—	1,289
Changes in the carrying amount of redemption liabilities (Note 23)	—	—	—	8,294	8,294
Recognition of redemption liabilities (Note 23)	—	—	—	37,323	37,323
Derecognition of redemption liabilities upon termination of redemption rights (Note 23)	—	—	—	(154,053)	(154,053)
Total other changes	1,268	—	21	(108,436)	(107,147)
At 31 December 2025 and 1 January 2026	10,008	1,720	292	—	12,020
Changes from financing cash flows:					
Repayment of advances from related parties	—	(170)	—	—	(170)
Repayment of bank loans	(10,000)	—	—	—	(10,000)
Capital element of lease rentals paid	—	—	(644)	—	(644)
Interest element of lease rentals paid	—	—	(60)	—	(60)
Interest paid for bank loans	(130)	—	—	—	(130)
Total changes from financing cash flows	(10,130)	(170)	(704)	—	(11,004)
Other changes:					
Interest expenses (Note 6(a))	122	—	60	—	182
Increase in lease liabilities from entering into new leases during the period (Note 11)	—	—	5,358	—	5,358
Total other changes	122	—	5,418	—	5,540
At 30 June 2026	—	1,550	5,006	—	6,556
(Unaudited)					
At 1 January 2025	49,918	38,950	1,128	108,436	198,432
Changes from financing cash flows:					
Proceeds from advances from related parties	—	2,800	—	—	2,800
Repayment of advances from related parties	—	(50)	—	—	(50)
Capital element of lease rentals paid	—	—	(466)	—	(466)
Interest element of lease rentals paid	—	—	(14)	—	(14)
Interest paid for bank loans	(791)	—	—	—	(791)
Total changes from financing cash flows	(791)	2,750	(480)	—	1,479

APPENDIX I

ACCOUNTANTS’ REPORT

	Bank loans	Amounts due to related parties	Lease liabilities	Redemption liabilities	Total
	<i>RMB'000</i> <i>(Note 20)</i>	<i>RMB'000</i> <i>(Note 19)</i>	<i>RMB'000</i> <i>(Note 21)</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i>
Other changes:					
Interest expenses (<i>Note 6(a)</i>)	867	–	14	–	881
Changes in the carrying amount of redemption liabilities (<i>Note 23</i>)	–	–	–	3,967	3,967
Total other changes	867	–	14	3,967	4,848
At 30 June 2025	49,994	41,700	662	112,403	204,759

(d) **Total cash outflow for leases**

Amounts included in the consolidated cash flow statements for leases comprise the following:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Within operating cash flows	148	–	6	2	7
Within financing cash flows	1,565	1,788	857	480	704
	1,713	1,788	863	482	711

18. TRADE PAYABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables to third parties	64,225	70,020	65,672	95,842

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables to subsidiaries	15,271	32,514	69,431	68,635
Trade payables to third parties	60,657	66,504	58,226	81,124
	75,928	99,018	127,657	149,759

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	50,152	44,961	41,769	53,906
1 to 2 years	12,406	21,040	18,110	25,843
2 to 3 years	1,464	2,762	4,067	13,266
Over 3 years	203	1,257	1,726	2,827
	<u>64,225</u>	<u>70,020</u>	<u>65,672</u>	<u>95,842</u>

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	56,670	74,747	87,174	102,484
1 to 2 years	17,786	20,848	35,005	28,838
2 to 3 years	1,435	2,347	3,984	15,945
Over 3 years	37	1,076	1,494	2,492
	<u>75,928</u>	<u>99,018</u>	<u>127,657</u>	<u>149,759</u>

19. ACCRUALS AND OTHER PAYABLES

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for staff related costs	27,928	21,912	24,635	18,761
Conditional government grants	14,383	14,383	14,383	14,383
Other tax payables	7,739	7,513	2,826	2,463
Provisions for onerous contracts . . .	1,463	1,708	914	889
Amounts due to related parties (Note)				
– Beijing Zhongda Xinglin Pharmaceutical Research Institute Co., Ltd. (“Zhongda Xinglin”) (北 京中大杏林醫藥研究院有限公司) .	–	1,850	1,720	1,550
– Mr. Zhao Min	29,600	37,100	–	–
Payables for [REDACTED] costs . . .	–	–	6,102	4,130
Others	1,636	1,727	1,955	1,359
	<u>82,749</u>	<u>86,193</u>	<u>52,535</u>	<u>43,535</u>

Note: Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for staff related costs	22,063	13,681	17,275	12,882
Conditional government grants	13,643	13,643	13,643	13,643
Other tax payables	6,342	5,410	2,710	1,836
Provisions for onerous contracts . . .	758	938	172	162
Amounts due to subsidiaries	3,970	13,099	13,124	16,191
Payables for [REDACTED] costs	–	–	6,102	4,130
Others	1,401	1,650	1,848	1,225
	<u>48,177</u>	<u>48,421</u>	<u>54,874</u>	<u>50,069</u>

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

20. BANK LOANS

The Group and the Company

	Year ended 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans - within 1 year				
– guaranteed by certain directors and their close family members (Note (i)).	10,002	19,950	–	–
– guaranteed by third parties (Note (ii))	39,815	29,968	10,008	–
	<u>49,817</u>	<u>49,918</u>	<u>10,008</u>	<u>–</u>

Notes:

- (i) The bank loan was guaranteed by Mr. Zhao Min and his spouse, Mr. Zhao Liang and his spouse, Mr. Gu Zhifu and Mr. Zhang Bokang. The bank loan was repaid on 26 December 2025 and the guarantee was also released on the same day.
- (ii) These bank loans were guaranteed by third-party guarantees, with Mr. Zhao Min and his spouse, Mr. Zhao Liang and his spouse, Mr. Gu Zhifu and Mr. Zhang Bokang providing counter-guarantees in respect thereof. The loans were repaid on 24 June 2026.

21. LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

The Group

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	2,498	836	292	776
After 1 year but within 2 years . . .	138	292	–	980
After 2 years but within 5 years . . .	–	–	–	3,250
	<u>138</u>	<u>292</u>	<u>–</u>	<u>4,230</u>
	<u>2,636</u>	<u>1,128</u>	<u>292</u>	<u>5,006</u>

APPENDIX I

ACCOUNTANTS’ REPORT

22. INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

The Group

	At 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period .	8,482	1,242	11,109	5,740
Provision for the year/period (Note 7(a))	8,532	12,935	9,913	3,964
Income tax paid	(15,772)	(3,068)	(15,282)	(6,247)
At the end of the year/period	<u>1,242</u>	<u>11,109</u>	<u>5,740</u>	<u>3,457</u>

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

The Group

	Assets					Liabilities		
	Expected credit loss allowance	Lease Liabilities	Accrued expenses	Provisions	Tax deductible losses	Fair value changes of financial assets measured at FVPL	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax arising from:								
At 1 January 2023	65	516	5,187	264	395	(21)	(625)	5,781
Credited/(charged) to profit or loss (Note 7(a))	<u>58</u>	<u>(156)</u>	<u>499</u>	<u>(115)</u>	<u>(152)</u>	<u>21</u>	<u>289</u>	<u>444</u>
At 31 December 2023 and 1 January 2024	123	360	5,686	149	243	–	(336)	6,225
Credited/(charged) to profit or loss (Note 7(a))	<u>77</u>	<u>(201)</u>	<u>1,687</u>	<u>30</u>	<u>91</u>	<u>–</u>	<u>151</u>	<u>1,835</u>
At 31 December 2024 and 1 January 2025	200	159	7,373	179	334	–	(185)	8,060
Credited/(charged) to profit or loss (Note 7(a))	<u>440</u>	<u>(115)</u>	<u>1,198</u>	<u>(116)</u>	<u>(216)</u>	<u>–</u>	<u>123</u>	<u>1,314</u>
At 31 December 2025 and 1 January 2026	640	44	8,571	63	118	–	(62)	9,374
Credited/(charged) to profit or loss (Note 7(a))	<u>482</u>	<u>707</u>	<u>646</u>	<u>(2)</u>	<u>(38)</u>	<u>–</u>	<u>(708)</u>	<u>1,087</u>
At 30 June 2026	<u>1,122</u>	<u>751</u>	<u>9,217</u>	<u>61</u>	<u>80</u>	<u>–</u>	<u>(770)</u>	<u>10,461</u>

Reconciliation to the consolidated statements of financial position:

	At 31 December			At 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statements of financial position	<u>6,225</u>	<u>8,060</u>	<u>9,374</u>	<u>10,461</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Deferred tax assets not recognised

As at 31 December 2023, 2024 and 2025 and 30 June 2026, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB58,173,000, RMB74,612,000 and RMB83,575,000 and RMB87,319,000 as it is not probable that future taxable profits against which the losses can be utilised will be available.

The tax losses can be carried forward for 5 years from the year incurred under the current tax legislation in the PRC.

23. REDEMPTION LIABILITIES

In 2023 and 2024, Mr. Zhao Min, Shenzhen Pengyuan Cornerstone Private Equity Investment Fund Partnership Enterprise (Limited Partnership) (“Shenzhen Pengyuan Cornerstone”, 深圳市鵬遠基石私募股權投資基金合夥企業(有限合夥)), Changsha Xiangjiang Cornerstone Innovation Development Fund Partnership Enterprise (Limited Partnership) (“Changsha Xiangjiang Cornerstone”, 長沙湘江基石創新發展基金合夥企業(有限合夥)), Suzhou Jinhe Phase III Equity Investment Partnership Enterprise (Limited Partnership) (“Jinhe Phase III”, 蘇州金闕三期股權投資合夥企業(有限合夥)) and the Company entered into a series of agreements (the “2023 and 2024 Agreements”), and Mr. Zhao Min transferred a total 641,454 registered capital of the Company to Shenzhen Pengyuan Cornerstone, Changsha Xiangjiang Cornerstone and Jinhe Phase III at a total consideration of RMB100,000,000. The consideration of RMB80,000,000 was settled in 2023, with the remaining amount was settled in 2024.

In 2025, Mr. Zhao Min, Shenzhen Pengyuan Cornerstone and Changsha Xiangjiang Cornerstone, Heda Health Venture Capital Fund Partnership (“Heda Big Health”, 杭州錢塘和達大健康創業投資基金合夥企業(有限合夥)), Hangzhou Efung Runjun Venture Capital Partnership (“Efung Capital”, 杭州倚鋒潤君創業投資合夥企業(有限合夥)) and the Company entered into a series of agreements (the “2025 Agreements”, together with the 2023 and 2024 Agreement, the “Agreements”). Pursuant to the 2025 Agreements, Mr. Zhao Min, Shenzhen Pengyuan Cornerstone and Changsha Xiangjiang Cornerstone transferred a total 831,658 registered capital of the Company to Heda Big Health and Efung Capital, the total consideration of RMB95,000,000 was settled in 2025.

Pursuant to the Agreements, the Company is obliged to redeem the registered capital held by the investors upon the occurrence of certain contingent events. The Company recognised financial liabilities arising from its obligation to redeem these investors’ investments as not all redemption events are within the Company or the Group’s control.

The redemption price shall equal to the consideration paid by investors plus a simple interest at 8% per annum, calculated from the payment date of the consideration to the date on which the investors receive the redemption amount, less any distributed dividends.

On 31 December 2025, pursuant to the supplementary agreement signed by the Company, Mr. Zhao Min and the investors with redemption rights mentioned above, the Company’s redemption obligation was terminated and could not be reinstated.

As detailed in the section headed “History, Development and Corporate Structure” on [page 117] to this Document, pre-[REDACTED] investors had been granted certain special rights by Mr. Zhao Min, including, among others, share redemption rights.

The directors of the Company have confirmed that since 31 December 2025 (i) the Company does not have any obligation to fulfil the abovementioned special rights granted by Mr. Zhao Min, including the redemption rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted by Mr. Zhao Min in the event of a default by Mr. Zhao Min. Accordingly, no financial liability has been recorded since 31 December 2025 with respect to these special rights granted to the pre-[REDACTED] investors by Mr. Zhao Min.

The movements of the redemption liabilities during the Track Record Period are set out below:

The Group and the Company

	At 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	–	80,607	108,436
Changes in the carrying amount of redemption liabilities	607	7,829	8,294
Recognition of redemption liabilities	80,000	20,000	37,323
Derecognition of redemption liabilities upon termination of redemption rights	–	–	(154,053)
At 31 December	80,607	108,436	–

APPENDIX I

ACCOUNTANTS’ REPORT

24. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Upon the approval of Board of Director of the Company and shareholders meetings in 2020, the Company launched a share award scheme (“2020 Restricted Share Award Scheme”) directly to eligible participants through the grant of restricted share units of the Company.

The restricted share units granted will be vested after one year of qualified [REDACTED] of the Company.

Prior to 1 January 2023, the Company granted 1,025,000 restricted share units to eligible participants of the Group at a subscription price of RMB13.0 per share unit.

The number of restricted share units during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	Number of restricted Share units	Number of restricted Share units	Number of restricted Share units	Number of restricted Share units
At 1 January	1,025,000	979,500	869,500	856,000
Forfeited during the year/period . . .	(45,500)	(110,000)	(13,500)	–
At 31 December/30 June	<u>979,500</u>	<u>869,500</u>	<u>856,000</u>	<u>856,000</u>

The fair value of equity-settled share-based payments was calculated based on the fair value of underlying ordinary shares at the grant date. The grant date fair value of the underlying ordinary shares was determined with the assistance of an independent appraiser by using the discounted cash flow method under the income approach, and adjusted using the equity allocation model. The discounted cash flow derived by management considered Group’s further business plan, specific business and financial risks, the stage of development of Group’s operations and economic competitive elements affecting Group’s business, industry and market.

The restricted share units granted under 2020 Restricted Share Award Schemes were valued at RMB38.71 per share unit.

The equity-settled share-based payments expenses recognised during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Equity-settled share-based payment expenses	<u>2,095</u>	<u>1,894</u>	<u>3,025</u>	<u>1,353</u>	<u>2,360</u>

25. CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity during the Track Record Period are set out in the consolidated statements of changes in equity.

Details of the changes in the Company’s individual components of equity are set out below:

	Paid-in capital	Share capital	Capital reserve	Other reserve	Statutory reserve	(Accumulated losses)/ retained profits	Total equity
	RMB’000 (Note 25(b)(i))	RMB’000 (Note 25(b)(ii))	RMB’000 (Note 25(c)(i))	RMB’000 (Note 25(c)(ii))	RMB’000 (Note 25(c)(iii))	RMB’000	RMB’000
At 1 January 2023	4,383	–	38,654	3,715	–	(19,063)	27,689
Changes in equity for 2023:							
Profit and total comprehensive income for the year	–	–	–	–	–	53,533	53,533
Recognition of redemption liabilities (Note 23)	–	–	–	(80,000)	–	–	(80,000)
Appropriation to statutory reserve	–	–	–	–	3,447	(3,447)	–
Equity-settled share-based transactions	–	–	–	1,391	–	–	1,391

APPENDIX I

ACCOUNTANTS’ REPORT

	Paid-in capital	Share capital	Capital reserve	Other reserve	Statutory reserve	(Accumulated losses)/ retained profits	Total equity
	RMB'000 (Note 25(b)(i))	RMB'000 (Note 25(b)(ii))	RMB'000 (Note 25(c)(i))	RMB'000 (Note 25(c)(ii))	RMB'000 (Note 25(c)(iii))	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	4,383	–	38,654	(74,894)	3,447	31,023	2,613
Changes in equity for 2024:							
Profit and total comprehensive income for the year	–	–	–	–	–	59,736	59,736
Recognition of redemption liabilities (Note 23)	–	–	–	(20,000)	–	–	(20,000)
Capital contribution (Note 25 (b))	7,163	–	–	–	–	–	7,163
Appropriation to statutory reserve	–	–	–	–	2,326	(2,326)	–
Equity-settled share-based transactions	–	–	–	800	–	–	800
At 31 December 2024 and 1 January 2025	11,546	–	38,654	(94,094)	5,773	88,433	50,312
Changes in equity for 2025:							
Profit and total comprehensive income for the year	–	–	–	–	–	51,204	51,204
Recognition of redemption liabilities (Note 23)	–	–	–	(37,323)	–	–	(37,323)
Derecognition of redemption liabilities upon termination of redemption rights (Note 23)	–	–	–	154,053	–	–	154,053
Equity-settled share-based transactions	–	–	–	752	–	–	752
Balance at 31 December 2025 and 1 January 2026	11,546	–	38,654	23,388	5,773	139,637	218,998
Changes in equity for the six months ended 30 June 2026:							
Profit and total comprehensive income for the period	–	–	–	–	–	20,655	20,655
Conversion into a joint stock company with limited liability (Note 25(b))	(11,546)	11,546	160,774	(6,595)	(5,773)	(148,406)	–
Equity-settled share-based transactions	–	–	–	617	–	–	617
Balance at 30 June 2026	–	11,546	199,428	17,410	–	11,886	240,270

(b) Paid-in capital/share capital

(i) Paid-in capital

For the purpose of the Historical Financial Information, the paid-in capital of the Company represents the paid-in capital of the Company before it was converted into a joint stock limited liability company on 22 January 2026.

	Paid-in capital
	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	4,383
Capital contribution from Mr. Zhao Min	7,163
At 31 December 2024, 1 January 2025 and 31 December 2025	11,546
Conversion into a joint stock company with limited liability	(11,546)
At 30 June 2026	–

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) *Share capital*

	Number of shares	Amount <i>RMB’000</i>
Ordinary shares, issued and fully paid		
At 1 January 2026	–	–
Issuance of ordinary shares upon conversion into a joint stock company	11,546,154	11,546
At 30 June 2026	<u>11,546,154</u>	<u>11,546</u>

The Company was converted into a joint stock limited liability company and issued 11,546,154 shares with par value of RMB1 each on 22 January 2026.

(c) *Nature and propose of reserves*

(i) *Capital reserve*

The capital reserve comprises: (i) the differences between the net considerations received and the nominal amount of paid-in capital issued by the Company, (ii) the difference between the carrying amounts of the net assets acquired and the consideration paid for the combination under common control, and (iii) the differences between the amount of the net assets and the total amount of the par value of shares issued in relation to the conversion into a joint stock company as disclosed in Note 25(b)(ii).

(ii) *Other reserve*

The other reserve comprises: (i) the recognition and termination of redemption liabilities as set out in Note 23; and (ii) the portion of the grant date fair value of restricted shares granted to eligible employees of the Group that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(p)(ii).

(iii) *Statutory reserve*

In accordance with the relevant PRC laws and regulations, the Company is required to transfer 10% of its net profit, after recovering any accumulated historical losses, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distributions to equity holders. This reserve can be utilised in setting off accumulated losses or increase capital and is non-distributable other than in liquidation.

(iv) *Exchange reserve*

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements for operations outside of Chinese Mainland into RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(d) *Dividends*

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

(e) *Capital management*

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

APPENDIX I

ACCOUNTANTS’ REPORT

26. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables and contract assets. The Group’s exposure to credit risk arising from cash and cash equivalents, restricted deposits, bills receivables and financial assets measured at FVPL are limited because the counterparties are banks and financial institutions with high credit ratings assigned by the management of the Group, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025 and 30 June 2026, 16%, 20%, 12% and 11% of the total trade receivables and contract assets were due from the Group’s largest debtor respectively, and 50%, 55%, 45% and 43% of the total trade receivables and contract assets, respectively, were due from the Group’s five largest debtors.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables and contract assets which are assessed collectively as at the end of the reporting periods:

At 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB’000	RMB’000
Within 1 year	0.29	117,777	347
1 to 2 years	3.03	1,719	52
2 to 3 years	11.66	1,166	136
3 to 4 years	92.59	27	25
Over 4 years	100.00	30	30
		<u>120,719</u>	<u>590</u>

APPENDIX I

ACCOUNTANTS’ REPORT

At 31 December 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	0.29	183,396	533
1 to 2 years	3.22	7,025	226
2 to 3 years	12.78	579	74
3 to 4 years	92.13	216	199
Over 4 years	100.00	27	27
		<u>191,243</u>	<u>1,059</u>
At 31 December 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1.04	213,669	2,217
1 to 2 years	3.72	13,003	485
2 to 3 years	13.63	6,323	862
3 to 4 years	96.10	359	345
Over 4 years	100.00	234	234
		<u>233,588</u>	<u>4,143</u>
At 30 June 2026			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Within 1 year	1.60	194,970	3,111
1 to 2 years	3.75	14,732	552
2 to 3 years	13.79	3,771	520
3 to 4 years	96.08	153	147
Over 4 years	100.00	24	24
		<u>213,650</u>	<u>4,354</u>
Credit-impaired		<u>3,053</u>	<u>3,053</u>
		<u>216,703</u>	<u>7,407</u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and contract assets during the Track Record Period is as follows:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January	429	590	1,059	4,143
Impairment losses recognised during the year/period, net	<u>161</u>	<u>469</u>	<u>3,084</u>	<u>3,264</u>
Balance at 31 December/30 June	<u>590</u>	<u>1,059</u>	<u>4,143</u>	<u>7,407</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

At the end of each reporting period, the contractual maturities of the Group’s financial liabilities other than lease liabilities (see Note 21) are on demand or within one year.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to amounts due from related parties, bank loans, lease liabilities and redemption liabilities at fixed rates, and exposed to cash flow interest rate risk in relation to cash at bank at variable rates. Overall, the Group’s exposure to interest rate risk is not significant.

(d) Currency risk

The Group is exposed to currency risk primarily through purchases which give rise to payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily US\$.

Overall, the Group’s exposure to currency risk is not significant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

Fair value measurement categorised into Level 3

At 31 December			At 30 June
2023	2024	2025	2026
RMB’000	RMB’000	RMB’000	RMB’000

Recurring fair value measurements

Financial assets measured at FVOCI

– bills receivables	15,974	16,449	3,791	3,870
-------------------------------	--------	--------	-------	-------

APPENDIX I

ACCOUNTANTS’ REPORT

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

The fair value of certain bills receivables measured at FVOCI is determined using the discounted cash flow method and the significant unobservable input used is the discount rate that reflects market credit risk. The fair values of these bills receivable approximated to their carrying amounts as at 31 December 2023, 2024, and 2025 and 30 June 2026. For the years ended 31 December 2023, 2024, and 2025 and the six months ended 30 June 2026, it is estimated that with all other variable held constant, an increase in discount rate by one percentage point, the fair value of these bills receivable would have been decreased by RMB50,000, RMB25,000, RMB3,000 and RMB7,000, respectively.

The movements during the Track Record Period in the balance of these Level 3 fair value measurements are as follows:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products				
Balance at 1 January	5,143	–	–	–
Additions in investments . . .	60,000	59,000	109,000	25,000
Change in fair value during the year/period (<i>Note 5</i>) . .	136	142	330	31
Redemption of investments . .	(65,279)	(59,142)	(109,330)	(25,031)
Balance at 31 December/ 30 June	–	–	–	–

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at FVOCI				
Balance at 1 January	–	15,974	16,449	3,791
Additions	19,564	29,890	71,743	48,952
Disposals	(3,590)	(29,415)	(84,401)	(48,873)
Balance at 31 December/ 30 June	15,974	16,449	3,791	3,870

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

The carrying amounts of the Group’s financial instruments carried at cost or amortised cost were not materially different from their fair values at the end of each reporting period.

APPENDIX I

ACCOUNTANTS’ REPORT

27. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Names and relationships of the related parties that had material transactions with the Group during the Track Record Period

Name of related parties	Relationship
Mr. Zhao Min 趙敏	Chairperson and the controlling shareholder of the Company
Ms. Zhou Zhongying 周仲英	Close family member of the controlling shareholder
Zhongda Xinglin	Controlled by Ms. Zhou Zhongying

(b) Transactions with related parties during the Track Record Period

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Payments for advances to Mr. Zhao Min	69,000	3,000	10,500	8,500	–
Proceeds from repayment of advances to Mr. Zhao Min	40,000	–	40,000	–	29,981
Interest income on amounts due from related parties (Note 5)	2,182	2,536	2,682	1,453	315
Advances received from Mr. Zhao Min	11,900	7,500	3,900	2,700	–
Repayment of advances received from Mr. Zhao Min	–	–	41,000	–	–
Advances received from Zhongda Xinglin	–	1,850	100	100	–
Repayment of advances received from Zhongda Xinglin	–	–	230	50	170

(c) Balances with related parties

	At 31 December			At 30 June	
	2023	2024	2025	2026	
	RMB'000	RMB'000	RMB'000	RMB'000	
Non-trade in nature					
Amounts due from Mr. Zhao Min and Ms. Zhou Zhongying (Note)	71,607	77,143	50,325	20,659	
Amounts due to Mr. Zhao Min	29,600	37,100	–	–	
Amounts due to Zhongda Xinglin	–	1,850	1,720	1,550	

Note: Amounts due from Mr. Zhao Min and Ms. Zhou Zhongying as at 30 June 2026 have been fully settled in July 2026.

(d) Key management personnel remuneration

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	3,225	3,492	3,547	1,801	2,840
Discretionary bonuses	999	1,009	1,103	552	718
Retirement scheme contributions	225	304	305	152	215
Share-based payments	683	894	1,002	538	847
	<u>5,132</u>	<u>5,699</u>	<u>5,957</u>	<u>3,043</u>	<u>4,620</u>

APPENDIX I

ACCOUNTANTS’ REPORT

28. ULTIMATE CONTROLLING PARTY

At 30 June 2026, the directors of the Company consider the ultimate controlling party to be Mr. Zhao Min.

29. SUBSEQUENT EVENTS

In July 2026, certain investors made total capital injections of RMB42,000,000 for subscribing an aggregate of 269,411 shares of the Company.

30. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR BEGINNING ON 1 JANUARY 2026

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning 1 January 2026 and which have not been adopted in the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i> . .	1 January 2027
IFRS 20, <i>Regulatory assets and regulatory liabilities</i>	1 January 2029
Amendments to IFRS 10, <i>Consolidated financial statements</i> and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

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

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively. Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements. The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2026.