
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-47, 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 征祥醫藥(南京)集團股份有限公司 ZENSHINE PHARMACEUTICALS (NANJING) GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of 征祥醫藥(南京)集團股份有限公司 Zenshine Pharmaceuticals (Nanjing) Group Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-47, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2024 and 2025 and June 30, 2026, and the consolidated statements of profit or loss, 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 the years ended December 31, 2024 and 2025 and the six months ended June 30, 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-4 to I-47 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at December 31, 2024 and 2025 and June 30, 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.

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, 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 June 30, 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” 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.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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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-4 have been made.

Dividends

We refer to Note 29(b) 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]

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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**”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in RMB)

	Note	Year ended December 31,		Six months ended June 30,	
		2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	4	—	5,314	—	2,514
Cost of sales		—	(479)	—	(756)
Gross profit		—	4,835	—	1,758
Other income	5(a)	26,598	306	222	13,507
Other net gain	5(b)	1,878	3,046	1,448	1,177
Selling expenses		(6,531)	(9,734)	(3,513)	(5,799)
Administrative and other operating expenses		(14,073)	(26,116)	(6,758)	(20,699)
Research and development costs		(100,003)	(112,121)	(64,325)	(42,789)
(Provision for)/reversal of impairment loss on receivables	6(c)	(1)	(23)	2	18
Loss from operations		(92,132)	(139,807)	(72,924)	(52,827)
Finance income	6(a)	214	416	166	207
Finance costs	6(a)	(2,590)	(3,500)	(1,448)	(1,041)
Net finance costs		(2,376)	(3,084)	(1,282)	(834)
Remeasurement of redemption liabilities	6(c)	(50,887)	(66,293)	(31,233)	(37,115)
Loss before taxation	6	(145,395)	(209,184)	(105,439)	(90,776)
Income tax	7	—	(84)	(15)	(17)
Loss for the year/period		(145,395)	(209,268)	(105,454)	(90,793)
Loss per share	10				
Basic and diluted (RMB)		(10.01)	(12.95)	(6.68)	(5.28)

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Loss for the year/period	(145,395)	(209,268)	(105,454)	(90,793)
Other comprehensive income for the year/period (after tax)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange difference on translation of financial statements of a subsidiary with functional currency other than Renminbi. . .	18	(24)	(4)	(32)
Other comprehensive income for the year/period	18	(24)	(4)	(32)
Total comprehensive income for the year/period	(145,377)	(209,292)	(105,458)	(90,825)

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at December 31,		As at June 30,
		2024	2025	2026
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	1,605	6,311	7,843
Right-of-use assets	12	—	8,552	7,840
Intangible assets	13	269	563	532
Prepayments, deposits and other receivables	17	277	680	689
		<u>2,151</u>	<u>16,106</u>	<u>16,904</u>
Current assets				
Inventories	15	8,928	10,704	16,785
Trade receivables	16	—	4,980	1,277
Prepayments, deposits and other receivables	17	13,907	8,867	14,326
Financial assets measured at fair value through profit or loss (“FVPL”)	18	89,074	174,809	138,163
Time deposits	19	3,954	14,063	—
Cash and cash equivalents	20(a)	10,063	30,714	95,427
Taxation recoverable	27(a)	—	3	—
		<u>125,926</u>	<u>244,140</u>	<u>265,978</u>
Current liabilities				
Trade payables	21	12,791	18,830	22,525
Other payables and accruals	22	8,234	17,639	11,715
Bank loans	23	84,880	69,831	64,609
Lease liabilities	24	—	1,881	2,063
Current taxation	27(a)	—	13	—
Redemption liabilities	25	780,700	1,110,150	1,237,265
		<u>886,605</u>	<u>1,218,344</u>	<u>1,338,177</u>
Net current liabilities		<u>(760,679)</u>	<u>(974,204)</u>	<u>(1,072,199)</u>
Total assets less current liabilities		<u>(758,528)</u>	<u>(958,098)</u>	<u>(1,055,295)</u>
Bank loans	23	—	9,700	—
Lease liabilities	24	—	6,207	5,341
Other non-current liabilities	26	47,170	46,375	44,785
		<u>47,170</u>	<u>62,282</u>	<u>50,126</u>
NET LIABILITIES		<u>(805,698)</u>	<u>(1,020,380)</u>	<u>(1,105,421)</u>
CAPITAL AND DEFICITS				
Paid-in capital/share capital	29(c)	14,523	16,959	17,579
Reserves		<u>(820,221)</u>	<u>(1,037,339)</u>	<u>(1,123,000)</u>
TOTAL DEFICITS		<u>(805,698)</u>	<u>(1,020,380)</u>	<u>(1,105,421)</u>

The accompanying notes form part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at December 31,		As at June 30,
		2024	2025	2026
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment		1,642	1,094	863
Right-of-use assets		—	20	10
Intangible assets	13	269	563	532
Interests in subsidiaries	14	3,229	258,229	278,892
Prepayments, deposits and other receivables	17	277	277	277
		<u>5,417</u>	<u>260,183</u>	<u>280,574</u>
Current assets				
Inventories	15	8,928	10,704	16,826
Trade receivables	16	—	4,980	1,277
Prepayments, deposits and other receivables	17	13,907	14,456	10,800
Financial assets measured at FVPL	18	89,074	50,106	30,023
Time deposits	19	3,954	4,063	—
Cash and cash equivalents	20(a)	8,875	21,113	61,415
		<u>124,738</u>	<u>105,422</u>	<u>120,341</u>
Current liabilities				
Trade payables	21	12,791	18,555	24,899
Other payables and accruals	22	8,210	118,852	115,198
Bank loans	23	84,880	69,831	64,609
Lease liabilities		—	8	—
Redemption liabilities	25	780,700	1,110,150	1,237,265
		<u>886,581</u>	<u>1,317,396</u>	<u>1,441,971</u>
Net current liabilities		<u>(761,843)</u>	<u>(1,211,974)</u>	<u>(1,321,630)</u>
Total assets less current liabilities		<u>(756,426)</u>	<u>(951,791)</u>	<u>(1,041,056)</u>
Bank loans	23	—	9,700	—
Other non-current liabilities	26	47,170	46,375	44,785
		<u>47,170</u>	<u>56,075</u>	<u>44,785</u>
NET LIABILITIES		<u>(803,596)</u>	<u>(1,007,866)</u>	<u>(1,085,841)</u>
CAPITAL AND DEFICITS				
Paid-in capital/share capital	29(c)	14,523	16,959	17,579
Reserves		(818,119)	(1,024,825)	(1,103,420)
TOTAL DEFICITS		<u>(803,596)</u>	<u>(1,007,866)</u>	<u>(1,085,841)</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	<u>Paid-in capital</u>	<u>Capital reserve</u>	<u>Exchange reserve</u>	<u>Accumulated losses</u>	<u>Total deficits</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note</i>	<i>(Note</i>	<i>(Note</i>		
	<i>29(c))</i>	<i>29(d)(i))</i>	<i>29(d)(ii))</i>		
Balance at January 1,					
2024.	14,523	(57,367)	294	(617,771)	(660,321)
Changes in equity for 2024:					
Loss for the year	—	—	—	(145,395)	(145,395)
Other comprehensive income . . .	—	—	18	—	18
Total comprehensive income . . .	<u>—</u>	<u>—</u>	<u>18</u>	<u>(145,395)</u>	<u>(145,377)</u>
Balance at December 31, 2024 . .	<u>14,523</u>	<u>(57,367)</u>	<u>312</u>	<u>(763,166)</u>	<u>(805,698)</u>

	<u>Paid-in capital</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Exchange reserve</u>	<u>Accumulated losses</u>	<u>Total deficits</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	<i>(Note</i>	<i>(Note</i>	<i>(Note</i>	<i>(Note</i>		
	<i>29(c))</i>	<i>29(c))</i>	<i>29(d)(i))</i>	<i>29(d)(ii))</i>		
Balance at January 1,						
2025.	14,523	—	(57,367)	312	(763,166)	(805,698)
Changes in equity for 2025:						
Loss for the year	—	—	—	—	(209,268)	(209,268)
Other comprehensive income	—	—	—	(24)	—	(24)
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>(24)</u>	<u>(209,268)</u>	<u>(209,292)</u>
Capital contributions by investors with special rights, net of issuance costs	29(c) 2,079	—	255,331	—	—	257,410
Recognition of redemption liabilities.	25 —	—	(263,157)	—	—	(263,157)
Capital injection received from an equity shareholder of the Company	29(c) 357	—	—	—	—	357
Conversion into a joint stock limited liability company.	29(c) (16,959)	16,959	(690,625)	—	690,625	—
Balance at December 31, 2025.	<u>—</u>	<u>16,959</u>	<u>(755,818)</u>	<u>288</u>	<u>(281,809)</u>	<u>(1,020,380)</u>

The accompanying notes form part of the Historical Financial Information.

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	Note	Share capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Exchange reserve RMB'000 (Note 29(d)(ii))	Accumulated losses RMB'000	Total deficits RMB'000
Balance at January 1, 2026		16,959	(755,818)	288	(281,809)	(1,020,380)
Changes in equity for the six months ended June 30, 2026:						
Loss for the period . . .		—	—	—	(90,793)	(90,793)
Other comprehensive income		—	—	(32)	—	(32)
Total comprehensive income		—	—	(32)	(90,793)	(90,825)
Shares issued to investors with special rights, net of issuance costs	29(c)	620	87,546	—	—	88,166
Recognition of redemption liabilities	25	—	(90,000)	—	—	(90,000)
Equity settled share-based transactions	28	—	7,618	—	—	7,618
Balance at June 30, 2026		<u>17,579</u>	<u>(750,654)</u>	<u>256</u>	<u>(372,602)</u>	<u>(1,105,421)</u>
		Paid-in capital RMB'000 (Note 29(c))	Capital reserve RMB'000 (Note 29(d)(i))	Exchange reserve RMB'000 (Note 29(d)(ii))	Accumulated losses RMB'000	Total deficits RMB'000
<i>(unaudited)</i>						
Balance at January 1, 2025		14,523	(57,367)	312	(763,166)	(805,698)
Changes in equity for the six months ended June 30, 2025:						
Loss for the period		—	—	—	(105,454)	(105,454)
Other comprehensive income . . .		—	—	(4)	—	(4)
Total comprehensive income		—	—	(4)	(105,454)	(105,458)
Capital contributions by investors with special rights, net of issuance costs		1,597	189,231	—	—	190,828
Recognition of redemption liabilities		—	(193,157)	—	—	(193,157)
Balance at June 30, 2025		<u>16,120</u>	<u>(61,293)</u>	<u>308</u>	<u>(868,620)</u>	<u>(913,485)</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Note	Year ended December 31,		Six months ended June 30,	
		2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Operating activities					
Cash used in operations	20(b)	(106,049)	(129,763)	(67,640)	(52,536)
Tax paid	27(a)	—	(74)	(3)	(27)
Net cash used in operating activities		(106,049)	(129,837)	(67,643)	(52,563)
Investing activities					
Payment for the acquisition of property, plant and equipment		(20)	(2,384)	(54)	(4,159)
Proceeds from disposal of property, plant and equipment		1	3	—	—
Payment for the acquisition of intangible assets		(3)	(371)	—	(45)
Payment for new time deposits.		(3,912)	(14,108)	—	—
Proceeds from redemption of time deposits		—	3,909	—	14,063
Payment for purchases of structured deposits and wealth management products		(370,810)	(1,590,310)	(910,510)	(435,000)
Proceeds from disposal of structured deposits and wealth management products		392,824	1,507,733	809,630	472,885
Interest received		214	416	166	207
Net cash generated from/(used in) investing activities		18,294	(95,112)	(100,768)	47,951
Financing activities					
Proceeds from bank loans	20(c)	117,700	80,000	40,000	24,770
Repayment of bank loans	20(c)	(72,900)	(85,322)	(54,800)	(39,678)
Interest paid.	20(c)	(2,551)	(2,169)	(1,384)	(913)
Capital element of lease rental paid	20(c)	—	(1,989)	(1,008)	(981)
Interest element of lease rental paid	20(c)	—	(246)	(89)	(142)
Net proceeds from capital contributions by/shares issued to investors with special rights.	29(c)	—	257,410	190,828	88,166
Capital advances received		—	40,000	40,000	—
Capital advances and related interest repaid.		—	(41,112)	—	—
Payment of [REDACTED] expenses		—	(1,305)	—	(1,862)
Capital injection received from an equity shareholder of the Company.	29(c)	—	357	—	—
Net cash generated from financing activities		42,249	245,624	213,547	69,360
Net (decrease)/increase in cash and cash equivalents		(45,506)	20,675	45,136	64,748
Cash and cash equivalents at the beginning of the year/period.		55,551	10,063	10,063	30,714
Effect of foreign exchange rate changes		18	(24)	(4)	(35)
Cash and cash equivalents at the end of the year/period	20(a)	10,063	30,714	55,195	95,427

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

征祥醫藥(南京)集團股份有限公司 Zenshine Pharmaceuticals (Nanjing) Group Co., Ltd. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on May 14, 2020, as a limited liability company. The Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law on December 31, 2025.

The Company and its subsidiaries (together, “**the Group**”) are principally engaged in the research, development and commercialization of innovative therapeutics.

The statutory financial statements of the Company for the years ended December 31, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “**PRC GAAP**”), audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) and Nanjing Hongqiao Accounting Firm (General Partnership) (南京宏橋會計師事務所(普通合夥)), respectively. The information of the Group’s subsidiaries is set out in Note 14.

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 this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for Track Record Period are set out in Note 33.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net liabilities of RMB1,105,421,000 and net current liabilities of RMB1,072,199,000 as at June 30, 2026, which is primarily due to the recognition of redemption liabilities of RMB1,237,265,000 as current liabilities (see Note 25). All of the special rights granted to the investors would be terminated upon the Company’s [REDACTED] and the redemption liabilities will be converted to equity resulting in a change from net current liabilities to net current assets. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due and to sustain its operations for the foreseeable future after reviewing the Group’s cash flow projection, taking into account the expected working capital requirements covering at least the next twelve months from June 30, 2026. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

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 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**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in preparation of the Historical Financial Information is the historical cost basis except that those assets and liabilities are stated at their fair value as explained in the accounting policies as set out below.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed 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 Historical Financial Information from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized 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 derecognizes the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

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

(d) Non-equity investments

Non-equity investments are recognized/derecognized 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 recognized directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

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

- amortized 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 (see Note 2(r)(ii)(a)), and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- fair value through other comprehensive income (“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 recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in other comprehensive income (“OCI”). When the investment is derecognized, 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 amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(e) Property, plant and equipment

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

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

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

The estimated useful lives are as follows:

Laboratory equipment	5 years
Office and other equipment	5 years
Motor vehicles	4 years
Electronic equipment	3 years
Leasehold improvements	Shorter of the lease term or the estimated useful life of the asset

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

Construction in progress is stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less impairment losses (see Note 2(h)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

(f) Intangible assets

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

Intangible assets, including trademark and software, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any impairment losses (see Note 2(h)(ii)).

Amortization of intangible assets 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 recognized in profit or loss.

The estimated useful lives are as follows:

Trademark	10 years
Software	5 years

The useful lives of the trademark and software are estimated with reference expected years of economic benefits.

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

(g) Leased assets

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

As a lessee

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

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

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

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

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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 present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortized cost ((including cash and cash equivalents, time deposits, trade and other receivables).

Measurement of ECLs

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

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

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and
- 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
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECLs 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.

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 realizing security (if any is held).

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

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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;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group 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 recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) 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 (“CGUs”).

The recoverable amount of an asset or CGUs 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 CGUs.

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

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of the assets in the CGUs 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 amortization, if no impairment loss had been recognized.

(i) Inventories

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

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

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Trade and other receivables

A receivable is recognized 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. Other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see Note 2(h)(i)).

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(k) Cash and cash equivalents

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

(l) Trade and other payables

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

(m) 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 recognized in profit or loss. The carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s redemption rights.

(n) Interest-bearing borrowings

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

(o) Employee benefits

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

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

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

(ii) Share-based payments

The grant-date fair value of equity settled share-based payments granted to employees is measured by reference to the market price of the underlying shares or the valuer’s valuation. The amount is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognized in the capital reserve.

(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 recognizes costs for a restructuring.

(p) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss.

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

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

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- temporary differences related to investments in subsidiaries and associates 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 recognizes deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which 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 recognize 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 realized; 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.

(q) Provisions and contingent liabilities

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

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.

(r) Revenue and other income

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

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

(i) Revenue from contracts with customers

Revenue is recognized when control over a product or service 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.

(a) Sales of pharmaceutical products

Revenue is recognized when the customer takes possession of and accepts the products, depending on the terms set forth in the customer contracts. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

(b) Revenue from drug registration assistance service

Revenue from drug registration assistance service is recognized when the service is rendered.

(ii) Revenue from other sources and other income

(a) Interest income

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

(b) Government grants

Government grants are recognized initially 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.

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

(s) 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 at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. 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 recognized 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 recognized in OCI and accumulated in the exchange reserve.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) 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 a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group’s parent.

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

(v) Segment reporting

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

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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

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

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

Research and development costs

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

(b) Key sources of estimation uncertainty

Notes 28(b) and 30 contain information about the assumptions and their risk factors relating to the fair value of restricted share units granted and the fair value of financial instruments. Other key source of estimation uncertainty is as follows:

Recognition of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and cumulative tax losses. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profit will be available against which they can be utilized, management’s judgement is required to assess the probability of future taxable profits. Management’s assessment is constantly reviewed and additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are mainly engaged in the research, development and commercialization of innovative therapeutics.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Sales of pharmaceutical products	—	4,959	—	2,168
Drug registration assistance service	—	355	—	346
	—	5,314	—	2,514

The Group’s revenue for the year ended December 31, 2025 and the six months ended June 30, 2026 were recognized at point in time.

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Revenue from each major customer, including revenue from a group of entities which are known to be under common control with that customer, which accounted for 10% or more of the Group’s revenue during the Track Record Period is set out below. Details of concentrations of credit risk arising from the customers are set out in Note 30(a).

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Customer A	—	2,312	—	991
Customer B	—	2,300	—	687
Customer C	—	N/A	—	346
Customer D	—	N/A	—	272

N/A represented the revenue of the customer less than 10% of the Group’s revenue during the respective reporting period.

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

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts for goods and services such that information about revenue expected to be recognized in the future is not disclosed in respect of revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of goods and services that had an expected duration of one year or less.

(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. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

IFRS 8, *Operating Segments*, requires identification and disclosure of information about an entity’s geographical areas, regardless of the entity’s organization (i.e. even if the entity has a single reportable segment). The Group operates within one geographical location because primarily all of its revenue was generated in the Chinese Mainland and primarily all of its non-current operating assets and capital expenditure were located/incurred in the Chinese Mainland. Accordingly, no geographical information is presented.

5 OTHER INCOME AND OTHER NET GAIN

(a) Other income

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Government grants (Note)	26,470	195	112	13,410
Others	128	111	110	97
	<u>26,598</u>	<u>306</u>	<u>222</u>	<u>13,507</u>

Note:

During the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group has received unconditional government grants of RMB25,270,000, RMB195,000, RMB112,000 (unaudited) and RMB13,410,000, respectively, as incentives for the Group’s effort in research and development activities and contribution to regional economic development.

During the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, the Group also recognized conditional government grants as incentives for the Group’s effort in research and development activities of RMB1,200,000, nil, nil (unaudited) and nil, respectively, in the consolidated statements of profit or loss when related conditions were satisfied.

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(b) Other net gain

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Net foreign exchange gain/(loss) . . .	27	(113)	(26)	(58)
Net realized and unrealized gains on financial assets measured at FVPL	2,041	3,158	1,474	1,239
Net (loss)/gain on disposal of property, plant and equipment . .	(190)	1	—	(4)
	<u>1,878</u>	<u>3,046</u>	<u>1,448</u>	<u>1,177</u>

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Interest income from bank deposits	(214)	(416)	(166)	(207)
Finance income	(214)	(416)	(166)	(207)
Interest expenses on bank loans . . .	2,590	2,142	1,359	899
Interest expenses on capital advances	—	1,112	—	—
Interest expenses on lease liabilities	—	246	89	142
Finance costs	<u>2,590</u>	<u>3,500</u>	<u>1,448</u>	<u>1,041</u>
Net finance costs	<u>2,376</u>	<u>3,084</u>	<u>1,282</u>	<u>834</u>

(b) Staff costs

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Salaries, wages and other benefits. .	40,298	40,178	19,857	23,006
Contributions to defined contribution retirement plan . . .	2,471	2,524	1,225	1,352
Equity settled share-based payment expenses (Note 28)	—	—	—	7,618
	<u>42,769</u>	<u>42,702</u>	<u>21,082</u>	<u>31,976</u>

Employees of the Group are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government in the PRC. The Group contributes 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. The Group remits all the defined contribution retirement scheme contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the defined contribution retirement scheme. The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group has no other material obligation for the payment of retirement benefits associated with the schemes beyond the contributions described above.

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(c) Other items

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Cost of inventories recognized as expenses (<i>Note</i>)	—	479	—	756
Depreciation and amortization				
— property, plant and equipment (<i>Note 11</i>)	3,412	849	533	626
— right-of-use assets (<i>Note 12</i>) . . .	—	1,525	528	1,009
— intangible assets (<i>Note 13</i>)	69	77	35	76
Provision for/(reversal of)				
impairment loss on receivables . .	1	23	(2)	(18)
Provision for write-down of inventories	—	—	—	561
Remeasurement of redemption liabilities (<i>Note 25</i>)	50,887	66,293	31,233	37,115
[REDACTED] expenses	—	9,415	—	9,198

Note:

Cost of inventories recognized as expenses includes amounts relating to depreciation and amortization expenses and provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Current tax:				
Provision for PRC Corporate Income Tax for the year/period	—	84	15	—
Under-provision in respect of prior years/periods	—	—	—	17
	—	84	15	17

Notes:

- (i) The Company and subsidiaries were all established in the PRC. The Company and subsidiaries are subject to the PRC Corporate Income Tax (“CIT”) at a statutory income tax rate of 25% unless otherwise specified.
- (ii) According to Announcement [2023] No. 12, “The Announcement of Further Implementation of Income Tax Incentives for Micro and Small Enterprises” issued by Ministry of Finance of the PRC and National Tax Bureau, for small and micro profit enterprises that meet the three conditions of annual taxable income not exceeding RMB3 million, number of employees not exceeding 300 people, and total assets not exceeding RMB50 million, a reduction of 25% shall be included in the taxable income, and enterprise income tax shall be paid at a rate of 20%, which shall continue to be implemented until December 31, 2027.

According to the new tax incentive policies promulgated by the State Tax Bureau of Chinese Mainland in March 2023, effective from January 1, 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income.
- (iii) The Company’s subsidiary incorporated in the United States of America (the “USA”) is subject to Federal Tax at a rate of 21% and State Profits Tax at a rate of 8.84%. Operations in the USA have incurred net accumulated operating losses for income tax purposes, and no income tax provisions had been made for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026.

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

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Loss before taxation	(145,395)	(209,184)	(105,439)	(90,776)
Notional tax on loss before taxation, calculated using the PRC statutory tax rate of 25%	(36,349)	(52,295)	(26,360)	(22,694)
Tax effect of differential tax rates . .	(4)	(30)	(5)	(1)
Tax effect of non-deductible expenses (Note)	333	320	138	1,939
Tax effect of bonus deduction for research and development costs .	(24,438)	(27,265)	(15,347)	(9,912)
Tax effect of non-deductible remeasurement of redemption liabilities	12,722	16,573	7,808	9,279
Tax effect of tax losses and temporary differences not recognized	47,736	62,781	33,781	21,389
Under-provision in respect of prior years/periods	—	—	—	17
Actual tax expense	—	84	15	17

Note:

Tax effect of non-deductible expenses mainly represented the tax effect of equity settled share-based payment expenses and other non-deductible expenses.

8 DIRECTORS’ AND SUPERVISOR’S EMOLUMENTS

Directors’ and supervisor’s emoluments disclosed are as follows:

Year ended December 31, 2024					
Directors' and supervisor's fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Executive directors					
Yang Jinfu	—	1,189	641	—	1,830
Hao Xiaolin	—	1,445	475	47	1,967
Zhang Chuanbao	—	958	144	47	1,149
Non-executive directors					
Cheng Qibin	—	316	42	37	395
Zhang Jingyu	—	—	—	—	—
Li Yanpei	—	—	—	—	—
Chen Renhai	—	—	—	—	—
Zou Hua	—	—	—	—	—
Yi Hua	—	—	—	—	—
Yuan Quanhong	—	—	—	—	—
Zhang Xieyi	—	—	—	—	—
Supervisor					
Shi Kaikai	—	—	—	—	—
	—	3,908	1,302	131	5,341

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Year ended December 31, 2025					
Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Executive directors					
Yang Jinfu	—	1,189	641	—	1,830
Hao Xiaolin	—	1,445	475	49	1,969
Zhang Chuanbao (resigned on December 31, 2025)	—	916	635	44	1,595
Xu Ming (appointed on December 31, 2025) . .	—	—	—	—	—
Non-executive directors					
Cheng Qibin	—	347	43	40	430
Wang Ying (appointed on January 17, 2025). . . .	—	266	35	33	334
Zhang Jingyu	—	—	—	—	—
Li Yanpei	—	—	—	—	—
Chen Renhai	—	—	—	—	—
Zou Hua	—	—	—	—	—
Yi Hua	—	—	—	—	—
Yuan Quanhong	—	—	—	—	—
Zhang Xieyi	—	—	—	—	—
Jiang Zhangke (appointed on January 17, 2025) .	—	—	—	—	—
Zhou Chenjun (appointed on August 25, 2025 and resigned on December 31, 2025)	—	—	—	—	—
Yang Wenkai (appointed on August 25, 2025) . .	—	—	—	—	—
Yu Haonan (appointed on December 31, 2025) . .	—	—	—	—	—
Supervisors					
Shi Kaikai (resigned on August 25, 2025)	—	—	—	—	—
Cheng Yilang (appointed on August 25, 2025 and resigned on December 31, 2025)	—	—	—	—	—
—	—	—	—	—	—
—	4,163	1,829	166	6,158	
Six months ended June 30, 2025 (unaudited)					
Directors' and supervisors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Executive directors					
Yang Jinfu	—	594	321	—	915
Hao Xiaolin	—	721	237	24	982
Zhang Chuanbao	—	469	318	23	810
Non-executive directors					
Cheng Qibin	—	163	22	20	205
Wang Ying (appointed on January 17, 2025). . . .	—	128	17	16	161
Zhang Jingyu	—	—	—	—	—
Li Yanpei	—	—	—	—	—
Chen Renhai	—	—	—	—	—
Zou Hua	—	—	—	—	—
Yi Hua	—	—	—	—	—
Yuan Quanhong	—	—	—	—	—
Zhang Xieyi	—	—	—	—	—
Jiang Zhangke (appointed on January 17, 2025) .	—	—	—	—	—
Supervisor					
Shi Kaikai	—	—	—	—	—
—	—	—	—	—	—
—	2,075	915	83	3,073	

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Six months ended June 30, 2026							
	Directors’ fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive directors							
Yang Jinfu	—	594	321	—	915	918	1,833
Hao Xiaolin	—	722	237	24	983	102	1,085
Xu Ming (resigned on January 21, 2026). .	—	133	21	3	157	58	215
Non-executive directors							
Cheng Qibin (resigned on January 21, 2026)	—	18	2	2	22	8	30
Wang Ying (resigned on January 21, 2026). .	—	15	3	2	20	8	28
Zhang Jingyu (resigned on January 21, 2026)	—	—	—	—	—	—	—
Li Yanpei (resigned on January 21, 2026). .	—	—	—	—	—	—	—
Chen Renhai	—	—	—	—	—	—	—
Zou Hua (resigned on January 21, 2026). .	—	—	—	—	—	—	—
Yi Hua	—	—	—	—	—	—	—
Yuan Quanhong (resigned on January 21, 2026)	—	—	—	—	—	—	—
Zhang Xieyi (resigned on January 21, 2026)	—	—	—	—	—	—	—
Jiang Zhangke (resigned on January 21, 2026)	—	—	—	—	—	—	—
Yang Wenkai (resigned on January 21, 2026)	—	—	—	—	—	—	—
Yu Haonan (resigned on January 21, 2026). .	—	—	—	—	—	—	—
Independent non-executive directors							
Lam Ka Tak (appointed on January 21, 2026)	138	—	—	—	138	—	138
Ma Dawei (appointed on January 21, 2026)	138	—	—	—	138	—	138
Wang Zhengping (appointed on January 21, 2026). .	138	—	—	—	138	—	138
	<u>414</u>	<u>1,482</u>	<u>584</u>	<u>31</u>	<u>2,511</u>	<u>1,094</u>	<u>3,605</u>

Note:

These represent the estimated value of share-based payment granted to the directors under the Group’s employee incentive scheme as set out in Note 28. The value of share-based payment is measured according to the Group’s accounting policies for share-based payments as set out in Note 2(o)(ii). The details of these benefits in kind, including the principal terms and number of awards granted, are disclosed in Note 28.

During the Track Record Period, all the executive directors are key management personnel of the Group and their remuneration disclosed above include those for services rendered by them as key management personnel.

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

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 2, 2, 2 (unaudited) and 1 are directors during the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid non-director and non-supervisor individuals are as follows:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Salaries, allowances and benefits in kind	5,628	5,636	2,813	4,328
Discretionary bonuses	1,289	1,289	644	687
Retirement scheme contributions	184	187	92	94
Share-based payments	—	—	—	1,889
	<u>7,101</u>	<u>7,112</u>	<u>3,549</u>	<u>6,998</u>

The emoluments of the 3, 3, 3 (unaudited) and 4 highest paid non-director and non-supervisor individuals during the years ended December 31, 2024 and 2025 and the six months ended June 30, 2025 and 2026, respectively, are within the following bands:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals	Number of individuals
			(unaudited)	
Hong Kong Dollar (“HK\$”) nil to HK\$1,000,000	—	—	1	—
HK\$1,000,001 to HK\$1,500,000	—	—	1	1
HK\$1,500,001 to HK\$2,000,000	1	1	1	—
HK\$2,000,001 to HK\$2,500,000	—	—	—	3
HK\$2,500,001 to HK\$3,000,000	1	1	—	—
HK\$3,000,001 to HK\$3,500,000	1	1	—	—

10 LOSS PER SHARE

(a) Basic loss per share

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

As set out in Note 29(c)(iii), the Company was converted into a joint stock limited liability company and 16,959,201 shares with par value of RMB1 each were issued on December 31, 2025. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock limited liability company was determined assuming the conversion into a joint stock limited liability company had occurred since January 1, 2024, at the exchange ratio established on December 31, 2025.

The weighted average number of ordinary shares has not considered the impact of the share subdivision that will become effective immediately prior to the [REDACTED] of the Company’s H shares as disclosed in Note 29(c)(iv).

Loss for the year/period attributable to ordinary equity shareholders of the Company

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Loss for the year/period attributable to all equity shareholders of the Company	(145,395)	(209,268)	(105,454)	(90,793)
Allocation of loss for the year/period attributable to capital contributions with special rights (Note 25)	<u>110,008</u>	<u>162,592</u>	<u>81,834</u>	<u>70,258</u>
Loss for the year/period attributable to ordinary equity shareholders of the Company	<u>(35,387)</u>	<u>(46,676)</u>	<u>(23,620)</u>	<u>(20,535)</u>

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Weighted average number of ordinary shares deemed to be in issue

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
			(unaudited)	
Ordinary shares deemed to be in issue at the beginning of the year/period	14,522,776	14,522,776	14,522,776	16,959,201
Effect of deemed issue of shares (Note 29(c))	—	1,566,126	1,257,555	247,389
Effect of ordinary shares issued (Note 29(c))	—	69,463	—	—
Effect of capital contributions with special rights (Note 25)	(10,988,176)	(12,554,302)	(12,245,731)	(13,314,890)
Weighted average number of ordinary shares deemed to be in issue at the end of the year/period	<u>3,534,600</u>	<u>3,604,063</u>	<u>3,534,600</u>	<u>3,891,700</u>

(b) Diluted loss per share

Capital contributions with special rights (Note 25) were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share for the Track Record Period were the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

The Group	Laboratory equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At January 1, 2024.	2,031	253	487	880	6,307	—	9,958
Additions.	—	—	—	20	—	—	20
Disposals.	(326)	(27)	—	(36)	—	—	(389)
At December 31, 2024 and January 1, 2025.	1,705	226	487	864	6,307	—	9,589
Additions.	58	—	—	260	—	5,239	5,557
Disposals.	—	—	—	(35)	—	—	(35)
At December 31, 2025 and January 1, 2026.	1,763	226	487	1,089	6,307	5,239	15,111
Additions.	—	—	—	118	—	2,044	2,162
Transfers.	—	—	—	—	7,283	(7,283)	—
Disposals.	—	—	—	(80)	—	—	(80)
At June 30, 2026.	<u>1,763</u>	<u>226</u>	<u>487</u>	<u>1,127</u>	<u>13,590</u>	<u>—</u>	<u>17,193</u>
Accumulated depreciation:							
At January 1, 2024.	706	103	39	442	3,480	—	4,770
Charge for the year.	399	40	116	247	2,610	—	3,412
Written back on disposals.	(155)	(13)	—	(30)	—	—	(198)
At December 31, 2024 and January 1, 2025.	950	130	155	659	6,090	—	7,984
Charge for the year.	359	35	116	122	217	—	849
Written back on disposals.	—	—	—	(33)	—	—	(33)
At December 31, 2025 and January 1, 2026.	1,309	165	271	748	6,307	—	8,800
Charge for the period.	178	15	57	85	291	—	626
Written back on disposals.	—	—	—	(76)	—	—	(76)
At June 30, 2026.	<u>1,487</u>	<u>180</u>	<u>328</u>	<u>757</u>	<u>6,598</u>	<u>—</u>	<u>9,350</u>
Net book value:							
At December 31, 2024.	<u>755</u>	<u>96</u>	<u>332</u>	<u>205</u>	<u>217</u>	<u>—</u>	<u>1,605</u>
At December 31, 2025.	<u>454</u>	<u>61</u>	<u>216</u>	<u>341</u>	<u>—</u>	<u>5,239</u>	<u>6,311</u>
At June 30, 2026.	<u>276</u>	<u>46</u>	<u>159</u>	<u>370</u>	<u>6,992</u>	<u>—</u>	<u>7,843</u>

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12 RIGHT-OF-USE ASSETS

The Group	Properties held for own use RMB'000
Cost:	
At January 1, 2024, December 31, 2024 and January 1, 2025	—
Additions.	10,077
At December 31, 2025 and January 1, 2026	10,077
Additions.	297
At June 30, 2026.	10,374
Accumulated depreciation:	
At January 1, 2024, December 31, 2024 and January 1, 2025	—
Charge for the year.	1,525
At December 31, 2025 and January 1, 2026	1,525
Charge for the period	1,009
At June 30, 2026.	2,534
Net book value:	
At December 31, 2024.	—
At December 31, 2025.	8,552
At June 30, 2026.	7,840

The analysis of expense items in relation to leases recognized in the Group’s consolidated statements of profit or loss is as follows:

	Year ended December 31,	Year ended December 31,	Six months ended June 30,	Six months ended June 30,
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties held for own use (Note).	—	1,525	528	1,009
Interest expenses on lease liabilities (Note 6(a)).	—	246	89	142
Expense relating to short-term leases	127	137	64	72

Note:

During the Track Record Period, the Group leased certain office properties through tenancy agreements, which do not contain variable lease payment terms. The leases typically run for a period of 3 to 5 years.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases are set out in Notes 20(d), 24 and 30(b), respectively.

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13 INTANGIBLE ASSETS

The Group and the Company	Trademark RMB'000	Software RMB'000	Total RMB'000
Cost:			
At January 1, 2024	—	335	335
Additions.	3	—	3
At December 31, 2024.	3	335	338
Additions.	—	371	371
At December 31, 2025.	3	706	709
Additions.	—	45	45
At June 30, 2026.	3	751	754
Accumulated amortization:			
At January 1, 2024	—	—	—
Charge for the year.	—*	69	69
At December 31, 2024 and January 1, 2025	—*	69	69
Charge for the year.	1	76	77
At December 31, 2025 and January 1, 2026	1	145	146
Charge for the period	—*	76	76
At June 30, 2026.	1	221	222
Net book value:			
At December 31, 2024.	3	266	269
At December 31, 2025.	2	561	563
At June 30, 2026.	2	530	532

* The balance represents amount less than RMB1,000.

14 INTERESTS IN SUBSIDIARIES

As at June 30, 2026 and the date of this report, the Company has direct interest in the following subsidiaries, all of which are limited liability companies established in the PRC and the USA:

Name of company	Place and date of establishment and business	Particulars of registered and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
Zenshine Pharmaceuticals Inc. (Note (b)).	The USA August 17, 2021	USD500,000/ USD500,000	100%	—	Research and development of pharmaceutical products
Zenshine Pharmaceuticals (Hangzhou) Co., Ltd. (征祥醫藥(杭州)有限公司) (Notes (a) and (c))	The PRC January 22, 2025	RMB100,000,000/ RMB100,000,000	100%	—	Research and development and manufacturing of pharmaceutical products
Zenshine Pharmaceuticals (Yangzhou) Co., Ltd. (征祥醫藥(揚州)有限公司) (Notes (a) and (c))	The PRC January 21, 2025	RMB120,000,000/ RMB120,000,000	100%	—	Research and development and manufacturing of pharmaceutical products
Zenshine Pharmaceuticals (Changchun) Co., Ltd. (征祥醫藥(長春)有限公司) (Notes (a) and (c))	The PRC September 17, 2025	RMB55,000,000/ RMB55,000,000	100%	—	Research and development and manufacturing of pharmaceutical products

Notes:

- The official names of these entities are in Chinese. The English translation of the names is for identification only.
- No audited statutory financial statements were prepared by this entity during the Track Record Period.
- No audited financial statements for the year ended December 31, 2024 have been prepared for these entities as they were established in 2025. The statutory financial statements of these entities for the period from the date of incorporation to December 31, 2025 are audited by Nanjing Hongqiao Accounting Firm (General Partnership) (南京宏橋會計師事務所(普通合夥)).

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

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15 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

The Group	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Raw materials	823	2,336	2,138
Work in progress	8,105	5,908	12,954
Finished goods	—	2,460	2,254
	<u>8,928</u>	<u>10,704</u>	<u>17,346</u>
Write-down of inventories	—	—	(561)
	<u>8,928</u>	<u>10,704</u>	<u>16,785</u>
The Company	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Raw materials	823	2,336	1,854
Work in progress	8,105	5,908	13,279
Finished goods	—	2,460	2,254
	<u>8,928</u>	<u>10,704</u>	<u>17,387</u>
Write-down of inventories	—	—	(561)
	<u>8,928</u>	<u>10,704</u>	<u>16,826</u>

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	As at December 31,		As at June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Carrying amount of inventories sold	—	479	—	195
Provision for write-down of inventories	—	—	—	561
	<u>—</u>	<u>479</u>	<u>—</u>	<u>756</u>

All inventories are expected to be recovered within one year.

16 TRADE RECEIVABLES

The Group and the Company

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Trade receivables	—	5,005	1,284
Less: loss allowance	—	(25)	(7)
Trade receivables, net	<u>—</u>	<u>4,980</u>	<u>1,277</u>

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

Aging analysis

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

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 30 days	—	4,978	1,196
Over 30 days but within 90 days	—	2	81
	<u>—</u>	<u>4,980</u>	<u>1,277</u>

Trade receivables are due within 30–90 days from the date of billing. Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 30(a).

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As at December 31,		As at June 30,
2024	2025	2026
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
3,954	14,063	—
As at December 31,		As at June 30,
2024	2025	2026
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
3,954	4,063	—

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20 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash at bank	10,063	30,714	95,427
The Company	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash at bank	8,875	21,113	61,415

As at December 31, 2024 and 2025 and June 30, 2026, cash and cash equivalents of the Group held in banks and financial institutions in Chinese Mainland amounted to RMB8,875,000, RMB29,674,000 and RMB94,433,000, respectively. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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

	Note	Year ended December 31,		Six months ended June 30,	
		2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Loss before taxation		(145,395)	(209,184)	(105,439)	(90,776)
Adjustments for:					
Depreciation of property, plant and equipment	6(c)	3,412	849	533	626
Depreciation of right-of-use assets . .	6(c)	—	1,525	528	1,009
Amortization of intangible assets . .	6(c)	69	77	35	76
Provision for/(reversal of) impairment loss on receivables	6(c)	1	23	(2)	(18)
Net foreign exchange (gain)/loss. . .		(42)	90	17	3
Finance income	6(a)	(214)	(416)	(166)	(207)
Finance costs	6(a)	2,590	3,500	1,448	1,041
Net loss/(gain) on disposal of property, plant and equipment . .	5(b)	190	(1)	—	4
Provision for write-down of inventories	6(c)	—	—	—	561
Net realized and unrealized gains on financial assets measured at FVPL	5(b)	(2,041)	(3,158)	(1,474)	(1,239)
Remeasurement of redemption liabilities	6(c)	50,887	66,293	31,233	37,115
Equity settled share-based payment expenses.	6(b)	—	—	—	7,618
Changes in working capital:					
Increase in inventories.		(8,330)	(1,776)	(4,990)	(6,642)
(Increase)/decrease in trade receivables		—	(5,005)	—	3,721
(Increase)/decrease in prepayments, deposits and other receivables . .		(766)	5,944	2,003	(3,606)
(Decrease)/increase in trade payables.		(6,023)	6,039	11,007	3,695
(Decrease)/increase in other payables and accruals.		(387)	6,232	(2,373)	(3,927)
Decrease in other non-current liabilities		—	(795)	—	(1,590)
Cash used in operations.		(106,049)	(129,763)	(67,640)	(52,536)

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(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	Lease liabilities	Redemption liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 23)</i>	<i>(Note 24)</i>	<i>(Note 25)</i>	
At January 1, 2024	40,041	—	729,813	769,854
Changes from financing cash flows:				
Proceeds from bank loans	117,700	—	—	117,700
Repayment of bank loans	(72,900)	—	—	(72,900)
Interest paid	(2,551)	—	—	(2,551)
Total changes from financing cash flows	42,249	—	—	42,249
Other changes:				
Remeasurement of redemption liabilities (Note 6(c))	—	—	50,887	50,887
Interest expenses (Note 6(a))	2,590	—	—	2,590
Total other changes	2,590	—	50,887	53,477
At December 31, 2024	<u>84,880</u>	<u>—</u>	<u>780,700</u>	<u>865,580</u>

	Bank loans	Lease liabilities	Redemption liabilities	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	<i>(Note 23)</i>	<i>(Note 24)</i>	<i>(Note 25)</i>	
At January 1, 2025	84,880	—	780,700	865,580
Changes from financing cash flows:				
Proceeds from bank loans	80,000	—	—	80,000
Repayment of bank loans	(85,322)	—	—	(85,322)
Interest paid	(2,169)	—	—	(2,169)
Capital element of lease rentals paid	—	(1,989)	—	(1,989)
Interest element of lease rentals paid	—	(246)	—	(246)
Capital contributions by investors with special rights	—	—	263,200	263,200
Total changes from financing cash flows	(7,491)	(2,235)	263,200	253,474
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	10,077	—	10,077
Change of redemption liabilities arising from the transfer between investors	—	—	(43)	(43)
Remeasurement of redemption liabilities (Note 6(c))	—	—	66,293	66,293
Interest expenses (Note 6(a))	2,142	246	—	2,388
Total other changes	2,142	10,323	66,250	78,715
At December 31, 2025	<u>79,531</u>	<u>8,088</u>	<u>1,110,150</u>	<u>1,197,769</u>

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	Bank loans	Lease liabilities	Redemption liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 23)</i>	<i>(Note 24)</i>	<i>(Note 25)</i>	
At January 1, 2026	79,531	8,088	1,110,150	1,197,769
Changes from financing cash flows:				
Proceeds from bank loans	24,770	—	—	24,770
Repayment of bank loans	(39,678)	—	—	(39,678)
Interest paid	(913)	—	—	(913)
Capital element of lease rentals paid	—	(981)	—	(981)
Interest element of lease rentals paid	—	(142)	—	(142)
Shares issued to investors with special rights	—	—	90,000	90,000
Total changes from financing cash flows	(15,821)	(1,123)	90,000	73,056
Other changes:				
Increase in lease liabilities from entering into new leases during the period	—	297	—	297
Remeasurement of redemption liabilities <i>(Note 6(c))</i>	—	—	37,115	37,115
Interest expenses <i>(Note 6(a))</i>	899	142	—	1,041
Total other changes	899	439	37,115	38,453
At June 30, 2026	64,609	7,404	1,237,265	1,309,278

(d) Total cash outflow for leases

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

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>	
Within operating cash flows	127	137	64	72
Within financing cash flows	—	2,235	1,097	1,123
	127	2,372	1,161	1,195

These amounts relate to the following:

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>	
Lease rentals paid	127	2,372	1,161	1,195

21 TRADE PAYABLES

The Group

	As at December 31,		As at June 30,
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	12,791	18,830	22,525

The Company

	As at December 31,		As at June 30,
	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due to subsidiaries	—	—	8,030
Amounts due to third parties	12,791	18,555	16,869
	12,791	18,555	24,899

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

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As at the end of each reporting period, the ageing analysis of the Group’s trade payables based on the invoice date, is as follows:

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 1 year	12,791	18,830	22,525

22 OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Accrued staff costs	7,035	8,493	6,066
Other tax payables	690	651	554
Payables for acquisition of property, plant and equipment	—	3,173	1,176
Payables for [REDACTED] expenses	—	3,960	2,672
Other payables	509	1,362	1,247
	8,234	17,639	11,715

The Company

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Accrued staff costs	7,035	7,999	5,661
Other tax payables	690	575	521
Amount due to subsidiaries	—	105,000	105,145
Payables for [REDACTED] expenses	—	3,960	2,672
Other payables	485	1,318	1,199
	8,210	118,852	115,198

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

23 BANK LOANS

The maturity profile for the interest-bearing bank loans of the Group and the Company at the end of the reporting period is as follows:

The Group and the Company

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Unsecured bank loans			
— within 1 year	84,880	69,831	64,609
— after 1 year but within 2 years	—	9,700	—
	84,880	79,531	64,609

Further details of the Group’s management of liquidity risk are set out in Note 30(b).

24 LEASE LIABILITIES

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

The Group

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Within 1 year	—	1,881	2,063
After 1 year but within 2 years	—	2,002	2,137
After 2 years but within 5 years	—	4,205	3,204
	—	6,207	5,341
	—	8,088	7,404

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25 REDEMPTION LIABILITIES

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	729,813	780,700	1,110,150
Proceeds from capital contributions by/shares issued to investors with special rights (<i>Note 29(c)</i>)	—	263,200	90,000
Change of redemption liabilities arising from the transfer between investors	—	(43)	—
Remeasurement of redemption liabilities	50,887	66,293	37,115
At the end of the year/period	<u>780,700</u>	<u>1,110,150</u>	<u>1,237,265</u>

Since 2018, the Company entered into several capital increase and share transfer agreements with certain investors (“Pre-[REDACTED] Investors”), pursuant to which the Pre-[REDACTED] investors acquired the equity interests of the Company by making capital contributions totaling RMB942,200,000 and also acquired the shareholdings held by certain existing shareholders.

In accordance with the shareholders’ agreement, the Pre-[REDACTED] Investors were granted certain special rights as follows:

Redemption rights

The capital held by the Pre-[REDACTED] Investors are redeemable by the Company and Dr. Yang Jinfu, Dr. Hao Xiaolin and Nanjing Zhengxiang Jiwan Enterprise Management Partnership (Limited Partnership) 南京微祥濟萬企業管理合夥企業(有限合夥) (“Zhengxiang Jiwan”) upon occurrence of certain events, including but not limited to (i) a qualified [REDACTED] has not occurred on or prior to [REDACTED]; (ii) a material breach by the Company or any of its subsidiaries or the management. The redemption price is determined as the applicable capital contribution amount plus interest at 8% or 10% per annum. The Company shall be jointly and severally liable for the redemption obligation undertaken by Dr. Yang Jinfu, Dr. Hao Xiaolin and Zhengxiang Jiwan.

Liquidation Preferences

In the event of a liquidation, dissolution, winding up, sale or transfer of all or a significant portion of assets, intellectual properties or business of the Group, or a change in control of the Company, the Pre-[REDACTED] Investors shall receive an amount equal to the higher of:

- (i) the proportionate share of the Company’s net assets as extracted from the audited financial statements legally available for distribution; and
- (ii) the applicable capital contribution amount adjusted by certain times or plus interest at 8% or 10% per annum.

After the distribution to Pre-[REDACTED] Investors have been paid in full, the remaining assets and funds of the Company available for distribution shall be ratably distributed among all shareholders.

The Company recognized financial liabilities arising from redemption rights and liquidation preferences in accordance with the accounting policies set out in Note 2(m).

On October 27, 2025, the Company, Pre-[REDACTED] Investors and other shareholders entered into a shareholders’ agreement. Pursuant to the agreement: (i) the redemption rights granted to the Pre-[REDACTED] Investors against the Company were permanently and irrevocably terminated, with the effect that the parties’ positions were restored as if the provisions regarding the redemption rights exercisable against the Company had never been agreed upon; (ii) the liquidation preferences granted to the Pre-[REDACTED] Investors against the Company would be terminated upon the Company’s [REDACTED].

Other special rights granted by Dr. Yang Jinfu, Dr. Hao Xiaolin and Zhengxiang Jiwan

In addition to the redemption rights and liquidation preferences mentioned above, the Pre-[REDACTED] Investors were also granted other customary special rights, such as anti-dilution right, against Dr. Yang Jinfu, Dr. Hao Xiaolin and Zhengxiang Jiwan. The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil these other special rights granted by those shareholders to the Pre-[REDACTED] Investors; and (ii) the Company has not provided any guarantee for these other rights granted by those shareholders in the event of their default. Accordingly, no financial liability has been recognized in the Historical Financial Information with respect to these other special rights granted by those shareholders.

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26 OTHER NON-CURRENT LIABILITIES

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	47,170	47,170	46,375
Amortization during the year/period	—	(795)	(1,590)
At the end of the year/period	<u>47,170</u>	<u>46,375</u>	<u>44,785</u>

On August 5, 2023, the Group entered into a collaboration agreement with a third party company (the “Collaborator”) established in Chinese Mainland, pursuant to which the Collaborator agreed to promote and commercialize the Group’s certain innovative drug product in Chinese Mainland as an exclusive promotion service supplier of the Group for a period of fifteen years. The Group received a non-refundable upfront payment of RMB50,000,000 (VAT inclusive), or RMB47,170,000 (VAT exclusive), and would further receive milestone payments upon reaching certain regulatory milestones of up to RMB70,000,000 (VAT inclusive), while the Group shall pay promotion service fees to the Collaborator based on the promotion and commercialization results. Other non-current liabilities are amortised on a straight-line basis over the remaining effective period of the collaboration agreement. The amortization is credited in the consolidated statements of profit for loss as a deduction of selling expenses.

27 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	—	—	10
Provision for PRC Corporate Income Tax for the year/period	—	84	17
Tax paid	—	(74)	(27)
At the end of the year/period	<u>—</u>	<u>10</u>	<u>—</u>
Represented by:			
Taxation recoverable	—	(3)	—
Taxation payable	—	13	—
	<u>—</u>	<u>10</u>	<u>—</u>

(b) Deferred tax assets and liabilities recognized:

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

	Deductible tax losses	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024, December 31, 2024 and January 1, 2025	—	—	—	—
Credited/(charged) to profit or loss.	<u>116</u>	<u>2,022</u>	<u>(2,138)</u>	<u>—</u>
At December 31, 2025 and January 1, 2026	116	2,022	(2,138)	—
(Charged)/credited to profit or loss.	<u>(7)</u>	<u>(171)</u>	<u>178</u>	<u>—</u>
As at June 30, 2026	<u>109</u>	<u>1,851</u>	<u>(1,960)</u>	<u>—</u>

(c) Deferred tax assets not recognized:

As at December 31, 2024 and 2025 and June 30, 2026, the Group has not recognized deferred tax assets of RMB256,199,000, RMB318,980,000 and RMB340,369,000 in respect of cumulative tax losses and temporary differences of certain entities, respectively, in accordance with the accounting policy set out in Note 2(p), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity.

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28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On January 5, 2026, an employee incentive scheme was adopted, pursuant to which, up to 651,650 restricted share units (“RSUs”) would be granted to the directors of the Company, key management and employees of the Group (the “Participants”). Each RSU gives the Participants the entitlement of one ordinary share of the Company through a partnership established in the PRC as intermediate holding vehicle.

The terms and conditions of the grants are as follows:

Grant date	Number of RSUs	Vesting condition	Consideration per RSU RMB
January 5, 2026 . .	81,600	Vest of 60%, 20% and 20% on the third, fourth and fifth anniversary from the date of grant, respectively and subject to performance conditions	1.00
January 5, 2026 . .	570,050	Vest of 60%, 20% and 20% on the third, fourth and fifth anniversary from the date of grant, respectively and subject to performance conditions	7.25

(a) A summary of RSUs outstanding for the end of each reporting period:

	Year ended December 31,		Six months ended June 30,
	2024	2025	2026
	Number of RSUs	Number of RSUs	Number of RSUs
Balance at the beginning of the year/period	—	—	—
Granted during the year/period	—	—	651,650
Balance at the end of the year/period	—	—	651,650

(b) Fair value of RSUs and assumptions

The fair value of services received in return for RSUs granted is measured by reference to the fair value of RSUs granted. The estimate of the fair value of the RSUs granted is measured based on an equity allocation model. The fair value of the underlying equity interests of the Company was measured by management with the assistance of an independent professional valuer.

The key assumptions used in measurement of fair value of the RSUs at the grant date are as follows:

Risk-free interest rate	1.27%
Expected volatility	49.49%
Expected dividend yield	0.00%

Share-based payment expenses of RMB7,618,000 are recognized as staff costs in the consolidated statements of profit or loss for the six months ended June 30, 2026.

The fair value of the RSUs was RMB87.09 per RSU at the grant date.

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29 CAPITAL, OTHER 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 deficits is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity during the Track Record Period are set out below:

The Company	Paid-in capital <i>RMB’000</i>	Share capital <i>RMB’000</i>	Capital reserve <i>RMB’000</i>	Accumulated losses <i>RMB’000</i>	Total deficits <i>RMB’000</i>
Balance at January 1,					
2024	14,523	—	(87,006)	(585,792)	(658,275)
Changes in equity for 2024:					
Loss and total comprehensive income for the year	—	—	—	(145,321)	(145,321)
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>(145,321)</u>	<u>(145,321)</u>
Balance at December 31, 2024 and January 1, 2025	<u>14,523</u>	<u>—</u>	<u>(87,006)</u>	<u>(731,113)</u>	<u>(803,596)</u>
Changes in equity for 2025:					
Loss and total comprehensive income for the year	—	—	—	(198,880)	(198,880)
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>(198,880)</u>	<u>(198,880)</u>
Capital contributions by investors with special rights, net of issuance costs	2,079	—	255,331	—	257,410
Recognition of redemption liabilities.	—	—	(263,157)	—	(263,157)
Capital injection received from an equity shareholder of the Company	357	—	—	—	357
Conversion into a joint stock limited liability company	<u>(16,959)</u>	<u>16,959</u>	<u>(690,625)</u>	<u>690,625</u>	<u>—</u>
Balance at December 31, 2025 and January 1, 2026	<u>—</u>	<u>16,959</u>	<u>(785,457)</u>	<u>(239,368)</u>	<u>(1,007,866)</u>
Changes in equity for the six months ended June 30, 2026:					
Loss and total comprehensive income for the period	—	—	—	(83,759)	(83,759)
Total comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>(83,759)</u>	<u>(83,759)</u>
Shares issued to investors with special rights, net of issuance costs	—	620	87,546	—	88,166
Recognition of redemption liabilities.	—	—	(90,000)	—	(90,000)
Equity settled share-based transactions	<u>—</u>	<u>—</u>	<u>7,618</u>	<u>—</u>	<u>7,618</u>
Balance at June 30, 2026	<u>—</u>	<u>17,579</u>	<u>(780,293)</u>	<u>(323,127)</u>	<u>(1,085,841)</u>

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(b) Dividends

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

(c) Registered capital and paid-in capital/share capital

	Registered capital <i>RMB'000</i>	Paid-in capital <i>RMB'000</i>	No. of shares (<i>Note iv</i>) (‘000)	Share capital <i>RMB'000</i>
At January 1, 2024 and December 31, 2024	14,880	14,523	—	—
Capital contributions by investors with special rights (<i>Note i</i>)	2,079	2,079	—	—
Capital injection received from an equity shareholder of the Company (<i>Note ii</i>)	—	357	—	—
Conversion into a joint stock limited liability company (<i>Note iii</i>)	—	(16,959)	16,959	16,959
At December 31, 2025 and January 1, 2026	16,959	—	16,959	16,959
Shares issued to investors with special rights (<i>Note i</i>)	620	—	620	620
At June 30, 2026.	17,579	—	17,579	17,579

Notes:

- (i) In January 2025, the Company entered into Series D capital financing agreements with certain investors, pursuant to which investors agreed to made a gross capital contribution of RMB193,200,000 (with issuance costs of RMB2,372,000), to the Company by subscribing the Company’s registered capital of RMB1,597,107.

In August 2025, the Company entered into Series D+ capital financing agreements with certain investors, pursuant to which investors agreed to made a gross capital contribution of RMB70,000,000 (with issuance costs of RMB3,418,000), to the Company by subscribing the Company’s registered capital of RMB482,218.

In January 2026, the Company entered into Series D++ capital financing agreements with certain investors, pursuant to which investors agreed to made a gross capital contribution of RMB20,000,000 (with issuance costs of RMB943,000), to the Company by subscribing 137,777 ordinary shares of the Company.

In May 2026, the Company entered into Series D+++ capital financing agreements with certain investors, pursuant to which investors agreed to made a gross capital contribution of RMB70,000,000 (with issuance costs of RMB891,000), to the Company by subscribing 482,218 ordinary shares of the Company.

- (ii) On October 22, 2025, capital contribution of RMB357,100 was received from Zhengxiang Jiwan.
- (iii) Pursuant to the shareholders’ resolutions dated December 1, 2025, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company with the registered capital of RMB16,959,000. Pursuant to the shareholders’ resolutions, out of the net asset value of the Company as of October 31, 2025, RMB16,959,201 has been converted into 16,959,201 shares with a par value of RMB1 per share and the remaining amounts was converted to capital reserve of the Company. The Company’s conversion into a joint stock limited liability company was completed on December 31, 2025.
- (iv) Pursuant to the shareholders’ resolutions dated January 21, 2026 and June 30, 2026, the Company approved a share subdivision, pursuant to which each share with a nominal value of RMB1.00 is subdivided into ten shares with a nominal value of RMB0.10 each, immediately prior to the [REDACTED] of the Company’s H shares.

(d) Nature and purpose of other reserves

(i) Capital reserve

The capital reserve mainly represents: (i) the amount arises from the reclassification of financial instruments with special rights as redemption liabilities; (ii) the difference between consideration received for capital contributions net of any transaction costs directly attributable to the subscription and the par value of the registered capital of the Company; (iii) the differences between the net assets received and the total amount of the par value of shares issued in relation to the conversion into a joint stock company; and (iv) the accumulated share based payments for the RSUs under the share incentive scheme that has been recognized in accordance with the accounting policy adopted for share-based payments in Note 2(o)(ii).

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(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy as set out in Note 2(s).

(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.

30 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 and other receivables. The Group’s exposure to credit risk arising from cash and cash equivalents and time deposits is limited because the counterparties are banks and financial institutions in the PRC with high credit standing, 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.

Credit risk arising from trade receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2025 and June 30, 2026, 52.2% and 60.5% of the total trade receivables were due from the Group’s largest customer, respectively, 99.9% and 93.7% of the total trade receivables were due from the Group’s five largest customers, respectively.

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 due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables 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 as at 31 December 2025 and June 30, 2026:

	As at 31 December 2025		
	Average expected loss rate %	Gross carrying amount RMB’000	Loss allowance RMB’000
Current (not past due).	0.5%	5,003	25
Less than 3 months past due	1.0%	2	—*
		<u>5,005</u>	<u>25</u>

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	At June 30, 2026		
	Average expected loss rate	Gross carrying amount	Loss allowance
	%	RMB'000	RMB'000
Current (not past due)	0.5%	1,202	6
Less than 3 months past due	1.0%	82	1
		<u>1,284</u>	<u>7</u>

* The balance represents amount less than RMB1,000.

The Group had no historical loss experience in respect of the trade receivables during the past and no significant change in forward-looking information including the macroeconomics environment and industry development in the PRC, in which the Group’s principal business operates. 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.

Movements in the loss allowance in respect of trade receivables during the Track Record Period are as follows:

	As at 31 December		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/period	—	—	25
Provision for/(reversal of) impairment loss	—	25	(18)
Balance at the end of the year/period	<u>—</u>	<u>25</u>	<u>7</u>

Credit risk arising from other receivables

Management has assessed that during the Track Record Period, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, 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.

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

	As at December 31, 2024					
	Contractual undiscounted cash outflow					
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount	
Within 1 year or on demand	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Bank loans	86,062	—	—	86,062	84,880	
Trade payables	12,791	—	—	12,791	12,791	
Other payables and accruals	8,234	—	—	8,234	8,234	
Redemption liabilities . .	780,700	—	—	780,700	780,700	
	887,787	—	—	887,787	886,605	

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As at December 31, 2025						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	70,595	9,816	—	—	80,411	79,531
Trade payables	18,830	—	—	—	18,830	18,830
Other payables and accruals	17,639	—	—	—	17,639	17,639
Lease liabilities	2,146	2,199	4,383	—	8,728	8,088
Redemption liabilities . .	1,110,150	—	—	—	1,110,150	1,110,150
	<u>1,219,360</u>	<u>12,015</u>	<u>4,383</u>	<u>—</u>	<u>1,235,758</u>	<u>1,234,238</u>
As at June 30, 2026						
Contractual undiscounted cash outflow						
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	65,236	—	—	—	65,236	64,609
Trade payables	22,525	—	—	—	22,525	22,525
Other payables and accruals	11,715	—	—	—	11,715	11,715
Lease liabilities	2,301	2,236	3,310	—	7,847	7,404
Redemption liabilities . .	1,237,265	—	—	—	1,237,265	1,237,265
	<u>1,339,042</u>	<u>2,236</u>	<u>3,310</u>	<u>—</u>	<u>1,344,588</u>	<u>1,343,518</u>

(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’s interest-bearing financial instruments at variable rates at the end of each reporting period are the cash at bank, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. Overall speaking, the Group’s exposure to interest rate risk is not significant.

(d) **Currency risk**

The Group’s businesses are principally conducted in RMB and most of the Group’s monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group’s exposure to foreign currency risk is not significant.

(e) **Fair value measurement**

Financial assets 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, categorized 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.

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Analysis on fair value measurement of financial instruments as at December 31, 2024 and 2025 and June 30, 2026 are as follows:

	Fair value at December 31, 2024	Fair value measurement at December 31, 2024 categorized into		
	<i>RMB'000</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Recurring fair value measurement				
<i>Assets:</i>				
Financial assets measured at FVPL				
— Structured deposits and wealth management products	89,074	—	—	89,074
	Fair value at December 31, 2025	Fair value measurement at December 31, 2025 categorized into		
	<i>RMB'000</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Recurring fair value measurement				
<i>Assets:</i>				
Financial assets measured at FVPL				
— Structured deposits and wealth management products	174,809	—	—	174,809
	Fair value at June 30, 2026	Fair value measurement at June 30, 2026 categorized into		
	<i>RMB'000</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Recurring fair value measurement				
<i>Assets:</i>				
Financial assets measured at FVPL				
— Structured deposits and wealth management products	138,163	—	—	138,163

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

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Structured deposits and wealth management products	Discounted cash flow (<i>Note</i>)	Expected return rate

Note: The fair value of structured deposits and wealth management products is calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value measurement is negatively correlated to expected return rate. As at December 31, 2024 and 2025 and June 30, 2026, it is estimated that with all other variables held constant, an increase/decrease in fair value of structured deposits and wealth management products by 5% would have decreased/increased the Group’s loss for the year by RMB4,454,000, RMB7,977,000 and RMB6,908,000, respectively.

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy:

	As at December 31, 2024	2025	As at June 30, 2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets:			
At the beginning of the year/period	109,047	89,074	174,809
Net realized and unrealized gains on financial assets measured at FVPL	2,041	3,158	1,239
Purchases	370,810	1,590,310	435,000
Sales and settlements	(392,824)	(1,507,733)	(472,885)
At the end of the year/period	<u>89,074</u>	<u>174,809</u>	<u>138,163</u>

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The gains arising from the remeasurement of the structured deposits and wealth management products are presented in the “Other net gain” line item in the consolidated statements of profit or loss.

31 COMMITMENTS

Commitments outstanding at December 31, 2024 and 2025 and June 30, 2026 not provided for in the Historical Financial Information were as follows:

The Group	As at December 31,		As at June 30,
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment	—	2,114	—

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	Year ended December 31,		Six months ended June 30,	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	13,117	14,219	6,940	7,766
Contributions to defined contribution retirement plans . . .	361	409	201	170
Equity settled share-based payment expenses	—	—	—	4,180
	<u>13,478</u>	<u>14,628</u>	<u>7,141</u>	<u>12,116</u>

Total remuneration is included in “staff costs” (see Note 6(b)).

(b) Other transactions with related parties

Except for the disclosure in Note 32(a), the Group did not enter into other material related party transactions during the Track Record Period.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR TRACK RECORD PERIOD

Up to the date of this report, the IASB has issued a number of new or amended IFRS Accounting Standards, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	January 1, 2027
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	January 1, 2027
Amendments to IAS 28, <i>Amendments to the fair value option for investments in associates and joint ventures</i>	January 1, 2027
IFRS 20, <i>Regulatory assets and regulatory liabilities</i>	January 1, 2029
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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The Group is in the process of making an assessment of what the impact of these developments are 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 of the Group except for the following:

IFRS 18, *Presentation and Disclosure in Financial Statements*

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

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

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

34 SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE TRACK RECORD PERIOD

[Subsequent to June 30, 2026, there is no significant subsequent event.]

SUBSEQUENT FINANCIAL STATEMENTS

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