The following is the text of a report received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF VIVAVISION BIOTECH (ZHEJIANG) CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six months ended 30 June 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods and the six months ended 30 June 2025.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other income and gains	5	8,572	7,047	1,806	1,684
Administrative expenses		(15,183)	(20,381)	(6,623)	(21,663)
Research and development expenses		(128,261)	(94,399)	(47,850)	(56,925)
Other expenses		(337)	(305)	(69)	(540)
Finance costs	6	(66,175)	(81,444)	(37,458)	(48,389)
Share of loss of an associate		(151)	(301)	(147)	(306)
LOSS BEFORE TAX	7	**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Income tax expense	10	–	–	–	–
LOSS FOR THE YEAR/PERIOD		**(201,535)**	**(189,783)**	**(90,341)**	**(126,139)**
Loss attributable to:					
Owners of the parent		(201,535)	(189,783)	(90,341)	(126,139)
OTHER COMPREHENSIVE INCOME/(LOSS)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent year/period:					
Exchange differences on translation of foreign operation		179	(294)	(54)	(365)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		179	(294)	(54)	(365)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		**(201,356)**	**(190,077)**	**(90,395)**	**(126,504)**
Total comprehensive loss attributable to:					
Owners of the parent		(201,356)	(190,077)	(90,395)	(126,504)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted loss per share (in RMB)	12	**(0.84)**	**(0.75)**	**(0.37)**	**(0.44)**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		As at 30 June
		2024	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	9,523	7,769	6,209
Right-of-use assets	*14*	4,003	2,348	3,519
Intangible assets		24	–	217
Investments in associates	*15*	1,099	798	492
Prepayments, other receivables and other assets	*16*	11,213	14,460	17,858
Total non-current assets		25,862	25,375	28,295
CURRENT ASSETS				
Prepayments, other receivables and other assets	*16*	15,185	13,051	13,481
Amounts due from related parties	*30*	4,946	4,601	800
Debt investments at fair value through other comprehensive income ("FVTOCI")	*17*	–	30,067	30,331
Financial assets at fair value through profit or loss ("FVTPL")	*18*	–	50,055	–
Restricted bank balances	*19*	–	7,000	–
Cash and cash equivalents	*19*	50,783	43,577	53,051
Total current assets		70,914	148,351	97,663
CURRENT LIABILITIES				
Trade and other payables	*20*	36,215	46,952	46,743
Interest-bearing bank borrowings	*21*	5,005	5,003	30,018
Lease liabilities	*14*	2,018	1,894	1,896
Total current liabilities		43,238	53,849	78,657
NET CURRENT ASSETS		27,676	94,502	19,006
TOTAL ASSETS LESS CURRENT LIABILITIES		53,538	119,877	47,301
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	2,215	614	1,691
Deferred income	*22*	–	477	393
Redemption liabilities on owners' capital/equity shares	*24*	582,689	838,999	887,238
Total non-current liabilities		584,904	840,090	889,322
Net liabilities		(531,366)	(720,213)	(842,021)
DEFICITS				
Deficits attributable to owners of the parent				
Paid-in capital/Share capital	*25*	24,131	28,824	28,824
Deficits	*26*	(555,497)	(749,037)	(870,845)
Total deficits		(531,366)	(720,213)	(842,021)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserves*	Exchange fluctuation reserve*	Accumulated losses*	Total
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2024	23,973	531,157	47,024	(366,986)	(121)	(574,063)	(339,016)
Loss for the year	–	–	–	–	–	(201,535)	(201,535)
Other comprehensive income for the year:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	179	–	179
Total comprehensive loss for the year	–	–	–	–	179	(201,535)	(201,356)
Capital injection	158	9,842	–	–	–	–	10,000
Recognition of redemption liabilities on owners' capital	–	–	–	(9,869)	–	–	(9,869)
Share-based payment compensation	–	–	8,875	–	–	–	8,875
At 31 December 2024	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)

Year ended 31 December 2025

	Attributable to owners of the parent						
	Paid-in capital	**Capital reserve***	**Share-based payment reserve***	**Other reserves***	**Foreign currency translation reserve***	**Accumulated losses***	**Net deficits**
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 27)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2025	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)
Loss for the year	–	–	–	–	–	(189,783)	(189,783)
Other comprehensive loss for the year:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(294)	–	(294)
Total comprehensive loss for the year	–	–	–	–	(294)	(189,783)	(190,077)
Capital injection	4,693	172,237	–	–	–	–	176,930
Capital injection expenses paid	–	(4,031)	–	–	–	–	(4,031)
Recognition of redemption liabilities on owners' capital	–	–	–	(175,344)	–	–	(175,344)
Share-based payment compensation	–	–	3,675	–	–	–	3,675
At 31 December 2025	28,824	709,205	59,574	(552,199)	(236)	(965,381)	(720,213)

Six months ended 30 June 2026

	Attributable to owners of the parent						
	Paid-in capital/ Share capital	Capital reserve/ Share premium*	Share-based payment reserve*	Other reserves*	Foreign currency translation reserve*	Accumulated losses*	Net deficits
	RMB'000 (note 25)	*RMB'000* (note 26)	*RMB'000* (note 27)	*RMB'000* (note 26)	*RMB'000* (note 26)	*RMB'000* (note 26)	*RMB'000*
At 1 January 2026	28,824	709,205	59,574	(552,199)	(236)	(965,381)	(720,213)
Loss for the period	–	–	–	–	–	(126,139)	(126,139)
Other comprehensive loss for the period:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(365)	–	(365)
Total comprehensive loss for the period	–	–	–	–	(365)	(126,139)	(126,504)
Conversion into a joint stock company (the "Capitalisation Issue")**	–	(549,445)	(59,509)	–	–	608,954	–
Share-based payment compensation	–	–	4,696	–	–	–	4,696
At 30 June 2026	28,824	159,760	4,761	(552,199)	(601)	(482,566)	(842,021)

* These deficit accounts comprised RMB555,497,000, RMB749,037,000 and RMB870,845,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, respectively.

** On 30 January 2026, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under PRC generally Accepted Accounting Principles as of the conversion base date, including paid-in capital, capital reserve, share-based payment reserve and accumulated losses, amounting to RMB201,598,000 were converted into 288,240,520 ordinary shares at RMB0.1 each.

Six months ended 30 June 2025 (unaudited)

	Attributable to owners of the parent						
	Paid-in capital	Capital reserve	Share-based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	RMB'000 (note 25)	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000 (note 26)*	*RMB'000*
At 1 January 2025	24,131	540,999	55,899	(376,855)	58	(775,598)	(531,366)
Loss for the period	–	–	–	–	–	(90,341)	(90,341)
Other comprehensive loss for the period:							
Exchange differences on translation of the financial statements of foreign operations	–	–	–	–	(54)	–	(54)
Total comprehensive loss for the period	–	–	–	–	(54)	(90,341)	(90,395)
Capital injection	1,184	73,816	–	–	–	–	75,000
Recognition of redemption liabilities on owners' capital	–	–	–	(135,177)	–	–	(135,177)
Share-based payment compensation	–	–	1,831	–	–	–	1,831
At 30 June 2025 (Unaudited)	25,315	614,815	57,730	(512,032)	4	(865,939)	(680,107)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(201,535)	(189,783)	(90,341)	(126,139)
Adjustments for:					
Finance costs	*6*	66,175	81,444	37,458	48,389
Bank interest income	*5*	(1,283)	(249)	(161)	(20)
Interest income from debt investments at FVTOCI	*5*	–	(67)	–	(264)
Interest income from a related party	*5*	(143)	(155)	(78)	(38)
Interest income from the loan to an employee	*5*	(38)	(45)	(23)	(11)
Amortisation of intangible assets	*7*	58	24	24	22
Depreciation of property, plant and equipment	*13*	3,817	3,107	1,512	1,659
Depreciation of right-of-use assets	*14*	2,412	2,390	1,191	1,248
Loss on the disposal of property, plant and equipment	*7*	1	35	38	–
Gains on financial assets at FVTPL	*5*	(505)	(533)	–	(194)
Share of loss of an associate	*15*	151	301	147	306
Share-based payment compensation	*26*	8,875	3,675	1,831	4,696
Government grants recognised from deferred income		–	(126)	(42)	(84)
Foreign exchange gains, net	*5*	(453)	(18)	31	(45)
		(122,468)	(100,000)	(48,413)	(70,475)
(Increase)/decrease in prepayments, other receivables and other assets		(6,630)	865	4,762	(4,062)
Increase in trade and other payables		8,549	2,292	5,820	396
(Increase)/decrease in amount due from a related party		(500)	500	500	(800)
Net cash flows used in operating activities		(121,049)	(96,343)	(37,331)	(74,941)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,283	249	161	637
Purchases of items of property, plant and equipment		(2,999)	(1,308)	(176)	(175)

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchases of items of other intangible assets		–	–	–	(239)
Advances of loan to a related party		(2,750)	–	–	–
Advances of loan to an employee		(1,187)	–	–	–
Repayment of loan from a related party		–	–	–	4,250
Repayment of loan from an employee		–	–	–	3,405
Receipt of government grants for property, plant and equipment		–	603	603	–
Placement of financial assets at FVTPL		(70,000)	(200,000)	–	(60,000)
Withdrawal of financial assets at FVTPL		120,645	150,478	–	110,249
Proceeds from disposal of property, plant and equipment		–	98	78	–
Placement of debt investments at FVTOCI		–	(30,000)	–	–
Proceeds from withdrawal of time deposits with original maturity of more than three months		20,447	–	–	–
Capital injection in an associate		(1,250)	–	–	–
Net cash flows from/(used in) investing activities		64,189	(79,880)	666	58,127
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital injection from shareholders		10,000	176,930	75,000	–
New bank borrowings		5,000	5,000	5,000	50,000
Repayment of bank borrowings		–	(5,000)	(5,000)	(25,000)
New borrowing from a related party		–	20,000	20,000	–
Repayment of borrowing to a related party		–	(20,000)	(20,000)	–
Interest paid on borrowing from a related party		–	(222)	–	–
Interest paid on bank borrowings		(20)	(139)	(69)	(94)
Repayment of lease payments		(2,588)	(2,579)	(1,387)	(1,381)
Release of restricted bank balances		–	–	–	7,000
Capital injection expenses paid		–	(4,031)	–	–
[**REDACTED**] paid		–	(748)	–	(3,916)
Net cash flows from financing activities		12,392	169,211	73,544	26,609

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(44,468)	(7,012)	36,879	9,795
Cash and cash equivalents at beginning of year/period		94,798	50,783	50,783	43,577
Effect of foreign exchange rate changes, net		453	(194)	(84)	(321)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		50,783	43,577	87,578	53,051
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	*19*	50,783	50,577	87,578	53,051
Less: restricted bank balances	*19*	–	(7,000)	–	–
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		50,783	43,577	87,578	53,051

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		As at 30 June
		2024	**2025**	**2026**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	9,521	7,470	5,965
Right-of-use assets	*14*	877	648	534
Intangible assets		24	–	217
Investments in subsidiaries	*1*	75,749	89,075	103,900
Investments in associates	*15*	1,099	798	492
Prepayments, other receivables and other assets	*16*	10,995	14,439	17,512
Total non-current assets		98,265	112,430	128,620
CURRENT ASSETS				
Prepayments, other receivables and other assets	*16*	10,733	8,202	12,862
Amounts due from subsidiaries	*30*	7,094	7,080	7,060
Amounts due from related parties	*30*	4,946	4,601	800
Debt investments at FVTOCI	*17*	–	30,067	30,331
Financial assets at FVTPL	*18*	–	50,055	–
Restricted bank balances	*19*	–	7,000	–
Cash and cash equivalents	*19*	37,133	34,813	28,382
Total current assets		59,906	141,818	79,435
CURRENT LIABILITIES				
Interest-bearing bank borrowings	*21*	–	–	20,015
Trade and other payables	*20*	31,653	43,148	42,584
Amounts due to subsidiaries	*30*	20,958	23,745	19,630
Lease liabilities	*14*	233	244	387
Total current liabilities		52,844	67,137	82,616
NET CURRENT ASSETS/(LIABILITIES)		7,062	74,681	(3,181)
TOTAL ASSETS LESS CURRENT LIABILITIES		105,327	187,111	125,439
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	859	614	350
Deferred income	*22*	–	477	393
Redemption liabilities on owners' capital/equity shares	*24*	582,689	838,999	887,238
Total non-current liabilities		583,548	840,090	887,981
Net liabilities		(478,221)	(652,979)	(762,542)
DEFICITS				
Paid-in capital/Share capital	*25*	24,131	28,824	28,824
Deficits	*26*	(502,352)	(681,803)	(791,366)
Total deficits		(478,221)	(652,979)	(762,542)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

VivaVision Biotech (Zhejiang) Co., Ltd. (the "Company") was established as a limited liability company in the People's Republic of China (the "PRC") on 22 September 2016 and was converted into a joint-stock company with limited liability on 30 January 2026. The registered office of the Company is located at Room 4020, Building B, North Zone, Gene Valley, Ouhai District, Wenzhou City, Zhejiang Province, China.

The Company and its subsidiaries (the "Group") are principally engaged in the development and commercialisation of innovative ophthalmic treatments.

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

Name	Place and date of incorporation/ registration and place of operations	Issued ordinary share/registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Vivavision Yaojing Biotech Co., Ltd. (上海維眸曜睛生物科技有限公司)* *(note a)* . . .	PRC/Chinese mainland 11 July 2023	RMB23,000,000	100%	–	Research and development of biochemistry product technologies; medical research and experimental development
VIVAVISION BIOTECH (HONG KONG) LIMITED *(note b)*	Hong Kong 16 January 2023	HKD1	100%	–	Research and development of biochemistry product technologies; medical research and experimental development
VIVAVISION BIOTECH INC. *(note a)*	United States of America ("USA") 29 June 2020	USD5,000	100%	–	Investment holding
AVENABIO LLC *(note a)* .	USA 4 August 2023	USD5,000	–	100%	Investment holding
Guangzhou Vivavision Biotech Co., Ltd. (維眸生物科技) (廣州) 有限公司)* *(note a)*	PRC/Chinese mainland 24 April 2026	RMB5,000,000	100%	–	Research and development of biochemistry product technologies; medical research and experimental development

* This entity is a limited liability enterprise established under the PRC law. The English name of this entity represents the best effort made by the directors of the Company to translate its Chinese name, as it has not been registered with an official English name.

Notes:

(a) No audited financial statements have been prepared for the entity for the Relevant Periods, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation/registration.

(b) The statutory financial statements for the year ended 31 December 2024 prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the HKICPA were audited by KAIZEN CPA LIMITED, certified public accountants registered in Hong Kong. The statutory financial statements for the year ended 31 December 2025 were audited by Yip Hoi To CPA (Practising), certified public accountants registered in Hong Kong.

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	68,973	78,624	89,458
Deemed investment arising from share-based payments	6,776	10,451	14,442
Total	75,749	89,075	103,900

As at 30 June 2026, no impairment indicator was identified for the investments in subsidiaries, considering (i) the fact that the progress of all pipelines remains in line with expectations; (ii) no significant adverse changes in the operating environment and management stability of these subsidiaries; and (iii) no plan for the discontinuation, restructuring or disposal of any of the subsidiaries.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

Basis of consolidation

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

The Historical Financial Information has been prepared on a going concern basis notwithstanding that, as at 30 June 2026, the Group had net liabilities of RMB842,021,000 and continually incurred losses from operations, it recorded net current assets of RMB19,006,000. The directors of the Company assessed whether the Group has sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group.

The Company has prudently prepared a full-speed budget based on clinical trials of its core products and other products for 2026 and 2027 assuming the Company is able to raise [**REDACTED**] from the listing as well as a backbone budget plan to advance all necessary R&D activities for its core products assuming the Company is unable to raise [**REDACTED**] from the Listing. Based on the rigorous review of the budget under either full-speed or backbone scenario, the directors of the Company are satisfied that the Group would have sufficient working capital to meet its present obligations, taking into account the financial resources available, including the current assets of RMB97,663,000 at 30 June 2026, available bank facilities of RMB10,000,000 and potential financing activities, for next twelve months from 30 June 2026.

Based on the above factors, the Group's historical performance and the management's operating and financing plans, the directors of the Company concluded that it is appropriate to prepare the Historical Financial Information on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28	*Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*[4]

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

[2] No mandatory effective date yet determined but available for adoption

[3] Effective for annual periods beginning on or after 1 January 2029

[4] The amendments are applied when an entity first applies IFRS 18

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

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

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

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

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

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Computer and office equipment .	19% to 31.67%
Machinery and equipment	19% to 31.67%
Motor vehicles	19% to 31.67%
Leasehold improvements	Over the shorter of remaining lease terms and estimated useful lives

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

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

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

Intangible assets (other than goodwill)

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

Research and development expenses

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Office premises and laboratories	2 to 5 years

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

(b) Lease liabilities

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at FVTOCI (debt instruments)

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

Financial assets at FVTPL

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

Derecognition of financial assets

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Redemption liabilities on owners' capital/equity shares are initially recognised at the net present value of the redemption amount.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and redemption liabilities on owners' capital/equity shares.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, amount due to a related party, borrowings and redemption liabilities on owners' capital/equity shares)

After initial recognition, trade and other payables, amount due to a related party, interest-bearing bank borrowings and redemption liabilities on owners' capital/equity shares are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

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

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

Redemption liabilities on owners' capital/equity shares

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

Government grants

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

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

Other income

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

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer. Further details are set out in note 27 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Events after the reporting periods

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

Foreign currencies

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

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

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

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

Deferred tax assets

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

Significant influence even though the Group holds less than 20% of the voting rights

The Group considers that it has significant influence on certain companies even though it owns less than 20% of the voting rights. This is because the Group has the power to obtain representation on such companies' boards of directors and is able to exercise significant influence on their financial and operating decisions. Details of the basis of such management judgement are set out in note 15.

Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each reporting period. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notwithstanding that the Group recorded a loss for the six months end 30 June 2026, no indicators of the impairment for non-financial assets are identified as of 30 June 2026, since (i) the assets' value have not declined significantly; (ii) the assets are not obsolete or physically damaged; and (iii) the R&D project progress remains in line with expectations and the losses incurred for the Relevant Periods did not exceed the budget for the same periods.

Accrual of research and development expenses

The Group relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services under the contracts with Outsourced Service Providers using inputs such as number of patient enrolments, time elapsed and milestones achieved.

Fair value of share-based payment transactions

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires the determination of the most appropriate inputs to the valuation model including the expected life of the restricted shares, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses the backsolve from recent transaction method. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

(a) Revenue from external customers

As the Group is still in the research and development stage and has not achieved commercialisation, there was no external sales revenue.

(b) Non-current assets

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

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income				
Government grants*	5,650	5,566	1,509	313
Bank interest income	1,283	249	161	20
Interest income from debt investments at FVTOCI	–	67	–	264
Interest income from the loan to an employee	38	45	23	11
Interest income from the loan to a related party	143	155	78	38
Others	500	414	35	799
Total other income	7,614	6,496	1,806	1,445
Gains				
Foreign exchange gains, net	453	18	–	45
Gains on financial assets at FVTPL	505	533	–	194
Total gains	958	551	–	239
Total	8,572	7,047	1,806	1,684

* The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for expenditure arising from research and clinical trial activities. Certain government grants related to income have future related costs expected to be incurred and require us to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. This grant related to income was recognised in profit or loss when related costs are subsequently incurred and the Group received government acknowledge of compliance. There are no unfulfilled conditions or contingencies relating to other government grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on redemption liabilities on owners' capital/equity shares	66,030	80,966	37,107	48,239
Interest on lease liabilities	120	119	65	41
Interest on interest-bearing bank borrowings	25	137	64	109
Interest on borrowing from a related party	–	222	222	–
Total	66,175	81,444	37,458	48,389

7. LOSS BEFORE TAX

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

	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	*13*	3,817	3,107	1,512	1,659
Amortisation of intangible assets		58	24	24	22
Depreciation of right-of-use assets	*14*	2,412	2,390	1,191	1,248
Research and development expenses*		128,261	94,399	47,850	56,925
[**REDACTED**]		–	6,345	–	11,058
Government grants	*5*	(5,650)	(5,566)	(1,509)	(313)
Bank interest income	*5*	(1,283)	(249)	(161)	(20)
Interest income from the loan to an employee	*5*	(38)	(45)	(23)	(11)
Interest income from the loan to a related party	*5*	(143)	(155)	(78)	(38)
Foreign exchange (gains)/losses, net	*5*	(453)	(18)	31	(45)
Loss on disposal of items of property, plant and equipment		1	35	38	–
Gains on financial assets at FVTPL	*5*	(505)	(533)	–	(194)
Auditor's remuneration		208	134	90	162
Employee benefit expense (including directors' and chief executive's remuneration *(note 9)*):					
– Salaries, allowances and benefits in kind		32,155	31,568	15,923	16,803
– Performance related bonuses		2,064	2,125	933	1,076
– Pension scheme contributions		535	581	294	317
– Equity-settled share-based payments		8,875	3,675	1,831	4,696
Total employee benefit expense		43,629	37,949	18,981	22,892

* The "Research and development expenses" includes amortisation of intangible assets, depreciation of property, plant and equipment, depreciation of right-of-use assets and staff costs which are also included in the respective total amounts of the items disclosed above.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–
Other emoluments:				
Salaries, allowances and benefits in kind	1,892	2,854	950	1,717
Performance related bonuses	1,100	100	50	325

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Pension scheme contributions	8	52	8	9
Equity-settled share-based payments	–	707	–	82
Total fees and other emoluments	3,000	3,713	1,008	2,133

During the Relevant Periods and the six months ended 30 June 2025, share awards were granted to certain directors in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair values of such share awards, which have been recognised in profit or loss over the vesting period, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2025 are included in the above directors' and chief executive's remuneration disclosures.

(a) Directors and chief executive

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	1,892	1,100	8	–	3,000
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	–	–	–	–	–
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	1,892	1,100	8	–	3,000

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	1,900	100	16	–	2,016
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	500	–	5	–	505
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	454	–	31	707	1,192
Subtotal	954	–	36	707	1,697
Total	2,854	100	52	707	3,713

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2026					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	950	50	8	–	1,008
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	125	–	1	82	208
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	–	–	–	–	–
Mr. Huang Yide *(Note k)*	–	–	–	–	–
Mr. Sun Jialin *(Note l)*	–	–	–	–	–
Mr. Zhang Nan *(Note m)*	–	–	–	–	–
Mr. Shen Hongquan *(Note n)*	–	–	–	–	–
Mr. Xu Decai *(Note o)*	–	–	–	–	–
Mr. Xia Erning *(Note p)*	642	275	–	–	917
Subtotal	767	275	1	82	1,125
Total	1,717	325	9	82	2,133

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Six months ended 30 June 2025 (unaudited)					
Director and chief executive officer:					
Dr. Shen Wang *(Note a)*	950	50	8	–	1,008
Directors:					
Mr. Xu Daqiang *(Note b)*	–	–	–	–	–
Mr. Zong Yiwei *(Note c)*	–	–	–	–	–
Mr. Fan Jianxun *(Note d)*	–	–	–	–	–
Mr. Han Yongxin *(Note e)*	–	–	–	–	–
Ms. Gu Cuiping *(Note f)*	–	–	–	–	–

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Ms. Mao Jun *(Note g)*	–	–	–	–	–
Mr. Wang Haikuan *(Note h)*	–	–	–	–	–
Mr. Zhao Jianghua *(Note i)*	–	–	–	–	–
Mr. Lu Ying *(Note j)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	950	50	8	–	1,008

Notes:

(a) Dr. Shen Wang was appointed as a director and chief executive officer of the Company with effect from September 2016 and was re-designated as an executive director of the Company with effect from February 2026.

(b) Mr. Xu Daqiang was appointed as a director of the Company with effect from March 2021 and has resigned as a director of the Company with effect from January 2026.

(c) Mr. Zong Yiwei was appointed as a director of the Company with effect from June 2016 and has resigned as a director of the Company with effect from January 2026.

(d) Mr. Fan Jianxun was appointed as a director of the Company with effect from August 2019 and has resigned as a director of the Company with effect from January 2026.

(e) Mr. Han Yongxin was appointed as a director of the Company with effect from June 2018 and has resigned as a director of the Company with effect from May 2025.

(f) Ms. Gu Cuiping was appointed as a director of the Company with effect from March 2021 and has resigned as a director of the Company with effect from January 2026.

(g) Ms. Mao Jun was appointed as a director of the Company with effect from June 2016 and has resigned as a director of the Company with effect from January 2026.

(h) Mr. Wang Haikuan was appointed as a director of the Company from May 2025 and has resigned as a director of the Company with effect from January 2026.

(i) Mr. Zhao Jianghua was appointed as a director of the Company from June 2025 and has resigned as a director of the Company with effect from January 2026.

(j) Mr. Lu Ying was appointed as a director of the Company with effect from June 2025 and has resigned as a director of the Company with effect from January 2026.

(k) Mr. Huang Yide was appointed a director of the Company with effect from January 2026 and was re-designated as a non-executive director of the Company with effect from February 2026.

(l) Ms. Sun Jialin was appointed as a director of the Company with effect from January 2026 and was re-designated as a non-executive director of the Company with effect from February 2026.

(m) Mr. Zhang Nan was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(n) Mr. Shen Hongquan was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(o) Mr. Xu Decai was appointed as a director of the Company with effect from January 2026 and re-designated as an independent non-executive director of the Company with effect from February 2026.

(p) Xia Erning was appointed as a director of the Company with effect from January 2026 and was re-designated as an executive director of the Company with effect from February 2026.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2025, included one director, two directors, three directors and two directors (unaudited), the details of whose remuneration are set out in note 8 above. In addition, included in the five highest paid during the Relevant Periods was one individual being appointed as a director in June 2025. The total remuneration of this individual for the year ended 31 December 2025, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB988,000, pension scheme contribution of RMB61,000 and equity-settled share award expense of RMB2,122,000, respectively. The total remuneration of this individual for the six months ended 30 June 2025, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB639,000, pension scheme contribution of RMB37,000 and equity-settled share award expense of RMB474,000, respectively. Included in the five highest paid employees for the six months ended 30 June 2026 was one individual being appointed as a director in January 2026 and one individual being resigned as a director in January 2026. The total remuneration of these two individuals for the six months ended 30 June 2026, including the remuneration in respect of his qualifying services as a director, is comprised of salaries, allowances and benefits in kind of RMB1,523,000, pension scheme contribution of RMB40,000 and equity-settled share award expense of RMB490,000, respectively. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances and benefits in kind	7,160	4,613	3,024	1,858
Performance related bonuses	996	685	356	100
Pension scheme contributions	85	71	34	82
Equity-settled share-based payments	6,758	363	317	1,652
Total fees and other emoluments	14,999	5,732	3,731	3,692

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	Number of employees	Number of employees	Number of employees (unaudited)	Number of employees
HKD500,001 to HKD1,000,000	–	–	1	–
HKD1,000,001 to HKD1,500,000	1	1	1	1
HKD2,000,001 to HKD2,500,000	–	2	1	–
HKD2,500,001 to HKD3,000,000	1	–	–	1
HKD3,500,001 to HKD4,000,000	1	–	–	–
HKD8,500,001 to HKD9,000,000	1	–	–	–
Total	4	3	3	2

During the Relevant Periods and the six months ended 30 June 2025, share awards were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the Historical Financial Information. The fair values of such share awards, which have been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods and the six months ended 30 June 2025 are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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

10. INCOME TAX

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

Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods . No provision for Hong Kong profits tax has been provided as the Group's entity in Hong Kong had no estimated assessable profits during the Relevant Periods and the six months ended 30 June 2025.

Chinese mainland

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in the Chinese mainland which are granted tax concession and are taxed at preferential tax rates.

Pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Tax Policies for Further Supporting the Development of Small Low-profit Enterprises and Self-employed Businesses" (財政部税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告), a subsidiary whose annual taxable income is less than RMB1,000,000 will be included in the actual taxable income at 25%, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy took effect on 1 January 2023 and will expire on 31 December 2027.

USA

The entities in the State of Delaware are subject to Federal Tax at a rate of 21% and State of Delaware Profits Tax at a rate of 8.7%. Operations in the USA have incurred net accumulated operating losses for income tax purposes and no income tax provisions were recorded during the Relevant Periods.

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax position at the effective tax rates is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(201,535)	(189,783)	(90,341)	(126,139)
Tax at the statutory tax rate (25%)	(50,384)	(47,446)	(22,585)	(31,535)
Effect of different tax rates enacted by local authorities	3,150	1,527	725	1,342

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Additional deductible allowance for research and development expenses	(11,274)	(9,288)	(4,329)	(5,674)
Tax losses and temporary differences not recognised	41,276	33,836	16,501	22,039
Expenses not deductible for tax	17,232	21,371	9,688	13,828
Tax charge at the Group's effective rate	–	–	–	–

The Group also has tax losses arising in the Chinese mainland of RMB624,972,000, RMB751,649,000 and RMB841,956,000 at the end of each of the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits. The Group also has tax losses from foreign operations of RMB16,339,000, RMB19,974,000 and RMB20,004,000 at the end of each of the Relevant Periods, respectively, which can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

The Group has unrecognised deductible temporary differences of nil, RMB6,438,000 and RMB4,512,000 as at the end of each of the Relevant Periods, respectively. The unrecognised deductible temporary differences are mainly related to the accrued expenses before final settlement.

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

11. DIVIDENDS

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

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

On 30 January 2026, the Company was converted to a joint stock limited liability company. A total of 288,244,520 ordinary shares of par value of RMB0.1 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB0.1 each is applied retrospectively for the Relevant Periods and the six months ended 30 June 2025 for the purpose of computation of basic earnings per share.

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

During the Relevant Periods and the six months ended 30 June 2025, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the conversion of the convertible bonds and the redemption liabilities on equity shares had an anti-dilutive effect on-the-basic-loss per-share-amounts presented.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
Loss				
Loss attributable to ordinary equity holders of the parent, for the purpose of calculating basic and diluted loss per share (RMB'000)	(201,535)	(189,783)	(90,341)	(126,139)
Shares				
Weighted average number of ordinary shares outstanding during the year/period used in the basic and diluted loss per share calculation	239,736,085	254,652,398	242,369,454	288,244,520
Loss per share (basic and diluted) (RMB per share)	(0.84)	(0.75)	(0.37)	(0.44)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	10,835	1,286	100	4,880	17,101
Accumulated depreciation	(2,813)	(578)	(60)	(2,441)	(5,892)
Net carrying amount	8,022	708	40	2,439	11,209
At 1 January 2024, net of accumulated depreciation	8,022	708	40	2,439	11,209
Additions	1,914	98	–	120	2,132
Disposal	(1)	–	–	–	(1)
Depreciation provided during the year	(2,253)	(364)	(16)	(1,184)	(3,817)
At 31 December 2024, net of accumulated depreciation	7,682	442	24	1,375	9,523
At 31 December 2024:					
Cost	12,727	1,384	100	5,000	19,211
Accumulated depreciation	(5,045)	(942)	(76)	(3,625)	(9,688)
Net carrying amount	7,682	442	24	1,375	9,523

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	12,727	1,384	100	5,000	19,211
Accumulated depreciation	(5,045)	(942)	(76)	(3,625)	(9,688)
Net carrying amount	7,682	442	24	1,375	9,523
At 1 January 2025, net of accumulated depreciation	7,682	442	24	1,375	9,523
Additions	1,039	–	277	170	1,486
Disposal	(116)	–	(17)	–	(133)
Depreciation provided during the year	(2,420)	(193)	(27)	(467)	(3,107)
At 31 December 2025, net of accumulated depreciation	6,185	249	257	1,078	7,769
At 31 December 2025:					
Cost	13,650	1,384	360	5,170	20,564
Accumulated depreciation	(7,465)	(1,135)	(103)	(4,092)	(12,795)
Net carrying amount	6,185	249	257	1,078	7,769

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026					
At 1 January 2026:					
Cost	13,650	1,384	360	5,170	20,564
Accumulated depreciation	(7,465)	(1,135)	(103)	(4,092)	(12,795)
Net carrying amount	6,185	249	257	1,078	7,769
At 1 January 2026, net of accumulated depreciation	6,185	249	257	1,078	7,769
Additions	22	67	–	10	99
Depreciation provided during the period	(1,252)	(97)	(33)	(277)	(1,659)
At 30 June 2026, net of accumulated depreciation	4,955	219	224	811	6,209
At 30 June 2026:					
Cost	13,672	1,451	360	5,180	20,663
Accumulated depreciation	(8,717)	(1,232)	(136)	(4,369)	(14,454)
Net carrying amount	4,955	219	224	811	6,209

The Company

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	10,813	1,286	–	4,880	16,979
Accumulated depreciation	(2,792)	(578)	–	(2,441)	(5,811)
Net carrying amount	8,021	708	–	2,439	11,168
At 1 January 2024, net of accumulated depreciation	8,021	708	–	2,439	11,168
Additions	1,914	98	23	120	2,155
Depreciation provided during the year	(2,253)	(364)	(1)	(1,184)	(3,802)
At 31 December 2024, net of accumulated depreciation	7,682	442	22	1,375	9,521
At 31 December 2024:					
Cost	12,727	1,384	23	5,000	19,134
Accumulated depreciation	(5,045)	(942)	(1)	(3,625)	(9,613)
Net carrying amount	7,682	442	22	1,375	9,521

	Machinery and equipment	Computer and office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	12,727	1,384	23	5,000	19,134
Accumulated depreciation	(5,045)	(942)	(1)	(3,625)	(9,613)
Net carrying amount	7,682	442	22	1,375	9,521
At 1 January 2025, net of accumulated depreciation	7,682	442	22	1,375	9,521
Additions	1,037	–	–	130	1,167
Disposal	(116)	–	(17)	–	(133)
Depreciation provided during the year	(2,420)	(193)	(5)	(467)	(3,085)
At 31 December 2025, net of accumulated depreciation	6,183	249	–	1,038	7,470
At 31 December 2025:					
Cost	13,473	1,383	–	5,130	19,986
Accumulated depreciation	(7,290)	(1,134)	–	(4,092)	(12,516)
Net carrying amount	6,183	249	–	1,038	7,470

	Machinery and equipment	Computer and office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026				
At 1 January 2026:				
Cost	13,473	1,383	5,130	19,986
Accumulated depreciation	(7,290)	(1,134)	(4,092)	(12,516)
Net carrying amount	6,183	249	1,038	7,470
At 1 January 2026, net of accumulated depreciation	6,183	249	1,038	7,470
Additions	22	67	–	89
Depreciation provided during the period	(1,252)	(97)	(245)	(1,594)
At 30 June 2026, net of accumulated depreciation	4,953	219	793	5,965
At 30 June 2026:				
Cost	13,495	1,450	5,130	20,075
Accumulated depreciation	(8,542)	(1,231)	(4,337)	(14,110)
Net carrying amount	4,953	219	793	5,965

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

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises and laboratories used in its operations. Leases of office premises and laboratories generally have lease terms between 2 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Office premises and laboratories
	RMB'000
As at 1 January 2024	3,843
Additions	2,572
Depreciation charge	(2,412)
As at 31 December 2024 and 1 January 2025	4,003
Additions	735
Depreciation charge	(2,390)
As at 31 December 2025 and 1 January 2026	2,348
Additions	2,419
Depreciation charge	(1,248)
As at 30 June 2026	3,519

The Company

	Office premises and laboratories
	RMB'000
As at 1 January 2024	2,425
Depreciation charge	(1,548)
As at 31 December 2024 and 1 January 2025	877
Depreciation charge	(229)
As at 31 December 2025 and 1 January 2026	648
Depreciation charge	(114)
As at 30 June 2026	534

(b) Lease liabilities

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

The Group

	As at 31 December		As at 30 June
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	4,129	4,233	2,508
Additions	2,572	735	2,419
Accretion of interest recognised during the year/period	120	119	41
Payments	(2,588)	(2,579)	(1,381)
Carrying amount	4,233	2,508	3,587
Analysed into:			
Current portion	2,018	1,894	1,896
Non-current portion	2,215	614	1,691

The Company

	As at 31 December		As at 30 June
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	2,695	1,092	858
Accretion of interest recognised during the year/period	79	42	17
Payments	(1,682)	(276)	(138)
Carrying amount	1,092	858	737
Analysed into:			
Current portion	233	244	387
Non-current portion	859	614	350

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

The Group

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Depreciation of right-of-use assets	2,412	2,390	1,191	1,248
Interest on lease liabilities	120	119	65	41
Total amount recognised in profit or loss	2,532	2,509	1,256	1,289

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

15. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	1,099	798	492

The Group's shareholdings in the associates held directly.

Particulars of the material associates are as follows:

Name	Registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Jiangxi Shining Weimou Pharmaceutical Co., Ltd. ("江西閃亮維眸醫藥有限公司")	RMB5,000,000	PRC	25%	Research and development
E-nitiate Biopharmaceuticals (Hangzhou) Co., Ltd. *(note)* ("啟元生物(杭州)有限公司")	RMB52,543,958	PRC	16.1769%	Research and development

Note: The Group was able to exercise significant influence over E-nitiate Biotechnology (Hangzhou) Co., Ltd. since the inception of this investment because it has the power to appoint one out of six directors under the Articles of Association of the company.

The Group has discontinued the recognition of its share of losses of E-nitiate Biotechnology (Hangzhou) Co., Ltd. because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate cumulatively were RMB43,311,0000, RMB47,976,000 and RMB50,363,000 as at the end of each of the Relevant Periods.

The following table illustrates the financial information of the Group's associates that are not individually material:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Share of the associates' loss and total comprehensive loss for the year/period	(151)	(301)	(147)	(306)
Aggregate carrying amount of the Group's investments in the associates	1,099	798	952	492

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Rental and other deposits	276	90	335
Value-added tax recoverable	10,759	14,370	17,491
Prepayments for purchase of items of property, plant and equipment	178	–	32
Total	11,213	14,460	17,858
Current:			
Prepayments for research and development services	10,704	5,860	7,154
Deferred [**REDACTED**]	–	2,115	5,468
Other receivables	771	615	475
Other prepayments	50	838	384
Advances of loans to an employee	3,660	3,623	–
Total	15,185	13,051	13,481

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Rental and other deposits	81	90	88
Value-added tax recoverable	10,736	14,349	17,392
Prepayments for purchase of items of property, plant and equipment	178	–	32
Total	10,995	14,439	17,512
Current:			
Prepayments for research and development services	9,950	5,643	6,976
Deferred [**REDACTED**]	–	2,115	5,468
Other receivables	733	31	34
Other prepayments	50	413	384
Total	10,733	8,202	12,862

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances of advances of loans to an employee are unsecured, bear interest at 1.26% per annual and repayable on demand.

17. DEBT INVESTMENTS AT FVTOCI

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Certificates of deposits	–	30,067	30,331

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

18. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products	–	50,055	–

The above wealth management products were issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

19. RESTRICTED BANK BALANCES AND CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	50,783	50,577	53,051
Less:			
Restricted bank balances *(note 20)*	–	7,000	–
Cash and cash equivalents	50,783	43,577	53,051
Denominated in:			
USD	22,749	2,393	7,878
RMB	23,793	35,741	40,364
HKD	4,241	5,443	4,809
Total	50,783	43,577	53,051

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	37,133	41,813	28,382
Less:			
Restricted bank balances *(note 20)*	–	7,000	–
Cash and cash equivalents	37,133	34,813	28,382
Denominated in:			
USD	20,872	489	31
RMB	16,261	34,324	28,351
Total	37,133	34,813	28,382

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

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

20. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Trade payables	221	26	96
Accrued research and development expenses	26,689	25,047	26,541
Accrued [**REDACTED**]	–	5,781	3,726
Payables for property, plant and equipment	43	43	–
Payroll payables	4,192	4,424	3,487
Other taxes payables	259	205	181
Borrowing from a third party*	–	7,000	7,000
Other payables	4,811	4,426	5,712
Total	36,215	46,952	46,743

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	221	26	96

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Trade payables	221	26	96
Accrued research and development expenses	25,730	24,555	26,541
Accrued [**REDACTED**]	–	5,781	3,726
Payables for acquisition of property and equipment	–	43	–
Payroll payables	1,026	1,467	898
Other taxes payables	56	87	86
Borrowing from a third party*	–	7,000	7,000
Other payables	4,620	4,189	4,237
Total	31,653	43,148	42,584

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	221	26	96

* On 18 December 2025, the Company and a certain third party investor (the "Investor") entered into a convertible bond investment agreement, pursuant to which the Company agreed to issue and the Investor agreed to subscribe for a convertible bond in the principal amount of RMB7,000,000 with an interest rate of 5% per annum, maturing on 30 September 2026 (the "Convertible Bond"). Within 10 working days from the date of signing the agreement, the Company and the Investor shall jointly establish an escrow bank account (the "Escrow Account") in the name of the Company for holding the transfer considerations under the agreement. The funds held therein shall be paid to the bank account designated by the Company upon satisfaction of the conditions stipulated in the agreement.

As at 31 December 2025, consideration of RMB7,000,000 had been transferred into the Escrow Account. The funds were released on 23 January 2026. The Company thereafter is entitled to convert the principal amount of the loan into the Company's shares prior to the maturity date at a conversion price of RMB63.3258, provided that the conversion conditions stipulated in the agreement is satisfied. Any Convertible Bond not converted before the maturity date will be redeemed at a price of the principal amount plus any accrued and unpaid interest calculated at 5% per annum on the principal. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity, which is assessed to be minimal.

The trade payables are non-interest-bearing and are normally settled on terms of three months. The other payables are unsecured, non-interest-bearing and repayable on demand.

The carrying amounts of financial liabilities included in trade and other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

21. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2024		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	Loan prime rate ("LPR")-10 basepoints ("bps")	2025	5,005

	As at 31 December 2025		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-10bps	2026	5,003

	As at 30 June 2026		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-35bps	2027	20,015
Bank loans – secured*	LPR-45bps	2027	10,003
Total	–	–	30,018

Bank loans are denominated in RMB.

* As at 30 June 2026, certain of the Group's bank loans are secured by the Company and a third party.

The Company

	As at 30 June 2026		
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current			
Bank loans – unsecured	LPR-35bps	2027	20,015

22. DEFERRED INCOME

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	–	477	393

* The government grants mainly represent subsidies received from the government that relate to both expenses and assets. Government grants were released to profit or loss either over the periods that the expenses for which it is intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with.

23. DEFERRED TAX

The Group

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 31 December 2023	717
Credited to profit or loss	(264)
As at 31 December 2024	453
Credited to profit or loss	(150)
As at 31 December 2025	303
Credited to profit or loss	39
As at 30 June 2026	342

Deferred tax assets

	Tax Losses	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023	–	717	717
Credited/(debited) to profit or loss	55	(319)	(264)
As at 31 December 2024	55	398	453
Debited to profit or loss	(4)	(146)	(150)
As at 31 December 2025	51	252	303
Debited to profit or loss	(40)	79	39
As at 30 June 2026	11	331	342

The Company

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 31 December 2023	606
Credited to profit or loss	(333)
As at 31 December 2024	273
Credited to profit or loss	(58)
As at 31 December 2025	215
Credited to profit or loss	(81)
As at 30 June 2026	134

Deferred tax assets

	Others	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 31 December 2023	–	606	606
Credited/(debited) to profit or loss	54	(387)	(333)
As at 31 December 2024	54	219	273
Debited to profit or loss	(54)	(4)	(58)
As at 31 December 2025	–	215	215
Debited to profit or loss	–	(81)	(81)
As at 30 June 2026	–	134	134

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–

24. REDEMPTION LIABILITIES ON OWNERS' CAPITAL/EQUITY SHARES

From November 2016 to June 2026, the Company completed six rounds of pre-[**REDACTED**] investments, namely Series Angel Investments, Series A Investments, Series B Investments, Series C Investments, Series D Investments, Series D2 Investments and Series D2+ Investments (collectively referred to as "Pre-[**REDACTED**] Investments"). A total of 21,304,581 paid-in capital was issued at a total cash consideration of RMB735,000,000 under the Pre-[**REDACTED**] Investments.

The key terms of the shares are summarised as follows:

Redemption features

Upon occurrence of the specified events (such as the failure to achieve a qualified [**REDACTED**] within five years from the completion of Series D2 Investments) defined in the investment agreement, the Pre-[**REDACTED**] investors shall have the right to require the Company to redeem the shares.

The redemption amount is calculated as the sum of the original issue price of the shares, plus interest calculated with an effective interest rate at 8%, and plus all declared but unpaid dividends thereon.

Liquidation preferences

In the event of any liquidation, dissolution or termination of the Company, or in the event of the overall sale of the Company, holders of the shares shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, the amount for liquidation is the higher of (i) the original issue price for each series equity share at 8% interest rate per annum, plus any dividends declared but unpaid thereon; (ii) the actual paid-in shareholding ratio of the investor in the Company multiplied by the amount of distributable liquidation assets.

Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the founding team to transfer the shares at zero consideration or at the minimum consideration permitted by law to the investors.

Presentation and classification

The Group recognised Pre-[**REDACTED**] Investments as redemption liabilities on owners' capital initially at the present value of the expected redemption amount, and subsequently measured at amortised cost. Such liabilities are classified as non-current because the Group considers it has the right to defer the settlement of the liabilities after 12 months as at the end of each Relevant Periods based on the terms for redemption event.

The Group and the Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Redemption liabilities on owners' capital/equity shares	582,689	838,999	887,238

The movements of the redemption liabilities on owners' capital/equity shares are set out below:

The Group and the Company

	RMB'000
At 1 January 2024	506,790
Capital injection	9,869
Accretion of interest	66,030
At 31 December 2024 and 1 January 2025	582,689
Capital injection	175,344
Accretion of interest	80,966
At 31 December 2025 and 1 January 2026	838,999
Accretion of interest	48,239
At 30 June 2026	887,238

25. PAID-IN CAPITAL/SHARE CAPITAL

Pursuant to the shareholders' resolutions and the promoters' agreement dated 27 January 2026, the then shareholders of the Company agreed to convert the Company into a joint stock company with limited liability. The net assets of the Company as of the conversion base date, including paid-in capital, other reserve and accumulated losses, were converted into 288,244,520 ordinary shares at RMB0.1 each. Upon the completion of registration with the Administration of Market Regulation of Wenzhou City on 30 January 2026, the Company was converted into a joint stock company with limited liability under PRC Company Law.

Paid-in capital/Share capital:

	Paid-in capital/ Share capital
	RMB'000
As at 1 January 2024	23,973
Capital injection *(a)*	158
As at 31 December 2024 and 1 January 2025	24,131
Capital injection *(b)*	4,693
As at 31 December 2025 and 30 June 2026	28,824

Notes:

(a) In December 2024, a certain investor subscribed for RMB158,000 paid-in capital of the Company at a total consideration of RMB10,000,000, among which RMB158,000 was recognised as paid-in capital and the remaining balance was recorded in capital reserve.

(b) In December 2025, certain investors subscribed for RMB4,693,000 paid-in capital of the Company at a total consideration of RMB176,930,000, among which RMB4,693,361 was recognised as paid-in capital and the remaining balance was recorded in capital reserve.

26. DEFICITS

The Group

The amounts of the Group's deficits and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(a) Capital reserve/Share premium

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

(b) Share-based payment reserve

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

(c) Other reserves

Other reserves of the Group represent the amount debited for the redemption liabilities of owners' capital/equity shares stipulated in note 24 to the Historical Financial Information.

The Company

	Capital reserve/Share premium*	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	531,157	47,024	(374,528)	(543,422)	(339,769)
Loss and total comprehensive loss for the year	–	–	–	(171,431)	(171,431)
Capital injection	9,842	–	–	–	9,842
Recognition of redemption liabilities on owners' capital	–	–	(9,869)	–	(9,869)
Equity-settled share-based payments	–	8,875	–	–	8,875
At 31 December 2024 and 1 January 2025	540,999	55,899	(384,397)	(714,853)	(502,352)
Loss and total comprehensive loss for the year	–	–	–	(175,988)	(175,988)
Capital injection	172,237	–	–	–	172,237
Capital injection expense	(4,031)	–	–	–	(4,031)
Recognition of redemption liabilities on owners' capital	–	–	(175,344)	–	(175,344)
Equity-settled share-based payments	–	3,675	–	–	3,675
At 31 December 2025 and 1 January 2026	709,205	59,574	(559,741)	(890,841)	(681,803)
Loss and total comprehensive loss for the period	–	–	–	(114,259)	(114,259)
Capitalisation Issue	(549,445)	(59,509)	–	608,954	–
Equity-settled share-based payments	–	4,696	–	–	4,696
At 30 June 2026	159,760	4,761	(559,741)	(396,146)	(791,366)

27. EQUITY-SETTLED SHARE-BASED PAYMENTS

Employee Incentive Scheme

The Company adopted a pre-[**REDACTED**] equity incentive scheme (the "Employee Incentive Scheme") in order to recognise and reward the contributions of certain directors and employees to the growth and development of the Group, and to retain eligible employees for the continuous operation and development of the Group.

In December 2021, 2,123,339 restricted shares of the Company (equivalent to 21,233,390 shares after conversion into a joint stock company) under the Employee Incentive Scheme were granted to certain employees and a certain director through the equity incentive platform, Huzhou Xiulai Business Consulting Partnership (Limited Partnership) (formerly known as Shanghai Xiulai Business Consulting Partnership (Limited Partnership)) ("Xiulai") at a price of RMB1.00 per restricted share ("Batch 2021"). In April 2024, 280,000 restricted shares of the Company (equivalent to 2,800,000 shares after conversion into a joint stock company) under the Employee Incentive Scheme were granted to certain employees through Xiulai at a price of RMB1.00 per restricted share ("Batch 2024"). In February 2026, 7,315,320 restricted shares of the Company under the Employee Incentive Scheme were granted to certain employees through Xiulai at a price of RMB1.00 per restricted share ("Batch 2026").

The restricted shares granted to the participants shall be unlocked in four equal instalments from the commencement date, subject to the service condition that a four-year service period from the commencement date has been completed or the achievement of performance targets as specified in the relevant grant notice.

As at the end of each of the Relevant Periods, 9,540,000, 1,150,000 and 7,515,320 restricted shares granted were unvested after conversion into a joint stock company, respectively.

The fair values of the equity incentives granted under the Scheme at the grant dates were as follows:

	Number of restricted shares	Fair value at grant date
		RMB per restricted share
Batch 2021	21,233,390	2.831
Batch 2024	2,800,000	1.686
Batch 2026	7,315,320	4.301

The fair value of the services received in return for the equity incentives granted is measured by reference to the fair value of the restricted shares granted less the consideration of RMB1.00 per restricted shares paid to Xiulai. The fair value of the restricted shares granted in December 2021 was measured at the grant date based on the valuation report applying the discounted cash flow approach conducted by an independent third-party valuer. The fair value of the restricted shares granted in April 2024 and February 2026 was measured at the grant date at the market value of the paid-in capital and was determined using the backsolve approach (backsolve from recent transaction method, in particular).

Major inputs used for the determination of the fair value of restricted shares granted during the Relevant Periods and the six months ended 30 June 2025 are listed as follows:

	Batch 2024	Batch 2026
Expected volatility	49.72%	47.77%
Dividend yield	0.00%	0.00%
Risk-free interest rate	2.04%	1.40%

During the Relevant Periods and the six months ended 30 June 2025, the Group recognized share-based compensation expenses of RMB8,875,000, RMB3,675,000, RMB4,696,000 and RMB1,831,000 (unaudited), respectively.

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,572,000, RMB735,000, RMB2,419,000 and nil (unaudited) respectively, in respect of lease arrangements for office premises and laboratories.

(b) Changes in liabilities arising from financing activities

	Borrowing from a third party	Loan from a related party	Accrued [REDACTED]	Lease liabilities	Interest-bearing bank borrowings	Redemption liabilities on owners' capital/equity shares	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	–	–	–	4,129	–	506,790	510,919
Changes from financing cash flows	–	–	–	(2,588)	4,980	–	2,392
New lease	–	–	–	2,572	–	–	2,572
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	9,869	9,869
Accretion of interest recognised during the year	–	–	–	120	25	66,030	66,175
At 31 December 2024 and 1 January 2025	–	–	–	4,233	5,005	582,689	591,927
Changes from financing cash flows	–	(222)	(748)	(2,579)	(139)	–	(3,688)
Changes from operating cash flows	–	–	(1,931)	–	–	–	(1,931)
Increase in [**REDACTED**]	–	–	6,345	–	–	–	6,345
Increase in deferred [**REDACTED**]	–	–	2,115	–	–	–	2,115
Increase in restricted bank balances	7,000	–	–	–	–	–	7,000
New lease	–	–	–	735	–	–	735
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	175,344	175,344
Accretion of interest recognised during the year	–	222	–	119	137	80,966	81,444
At 31 December 2025 and 1 January 2026	7,000	–	5,781	2,508	5,003	838,999	859,291
Changes from financing cash flows	7,000	–	(3,916)	(1,381)	24,906	–	26,609
Changes from operating cash flows	–	–	(12,550)	–	–	–	(12,550)
Increase in [**REDACTED**]	–	–	11,058	–	–	–	11,058
Decrease in restricted bank balances	(7,000)	–	–	–	–	–	(7,000)
Increase in deferred [**REDACTED**]	–	–	3,353	–	–	–	3,353
New lease	–	–	–	2,419	–	–	2,419
Accretion of interest recognised during the period	–	–	–	41	109	48,239	48,389
At 30 June 2026 (audited)	7,000	–	3,726	3,587	30,018	887,238	931,569
At 31 December 2024 and 1 January 2025	–	–	–	4,233	5,005	582,689	591,927
Changes from financing cash flows	–	–	–	(1,387)	(69)	–	(1,456)
Recognition of redemption liabilities on owners' capital	–	–	–	–	–	135,178	135,178
Accretion of interest recognised during the period	–	–	–	65	64	37,107	37,236
At 30 June 2025 (Unaudited)	–	–	–	2,911	5,000	754,974	762,885

(c) Total cash outflows for leases

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within financing activities	2,588	2,579	1,387	1,381

29. COMMITMENTS

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of property, plant and equipment	268	169	76

30. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following companies are related parties that have material transactions or balances with the Group during the Relevant Periods and the six months ended 30 June 2025.

(a) Names and relationships of the related parties

Name	Relationship with the Group
Jiangxi Shining Weimou Pharmaceutical Co., Ltd. ("江西閃亮維眸醫藥有限公司")	Associate
E-nitiate Biopharmaceuticals (Hangzhou) Co., Ltd. ("啟元生物(杭州)有限公司")	Associate
VVBI Limited	Company controlled by a director
Xia Erning ("夏爾寧")	Director of the Company

(b) Related party transactions

The Group had the following material transactions with related parties during the Relevant Period.

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Purchase of services from				
An associate	472	–	–	–
Company controlled by a director	1,103	300	–	–
Rendering of services to				
An associate	472	377	–	755
Advance of loans to				
A director	2,750	–	–	–

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Advance of borrowing from				
Company controlled by a director	–	20,000	20,000	–
Repayment of borrowing from				
Company controlled by a director	–	20,000	20,000	–
Interest income from the loan to				
A director	143	155	78	38
Interest on borrowing from				
Company controlled by a director	–	222	222	–
Repayment of loans from				
A director	–	–	–	4,250
Repayment of loans interest income from				
A director	–	–	–	389

The purchases from related parties were negotiated on an arm-length basis and in accordance with common commercial terms in the same manner as other external suppliers. The services rendered to the associate were charged based on the cost plus a certain mark-up.

(c) Outstanding balances with related parties

The Group

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from:				
An associate	Trade	500	–	800
A director	Non-trade	4,446	4,601	–

The loan to the director of RMB4,250,000 is unsecured, bearing interest rate of 3.65% per annum and settled on demand. The amount due from the associate is unsecured, interest-free and normally settled on demand. This balance was settled in April 2026.

The Company

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from:				
A subsidiary	Trade	6,360	6,360	6,360
Subsidiaries	Non-trade	734	720	700
An associate	Trade	500	–	800
A director	Non-trade	4,446	4,601	–
Total		12,040	11,681	7,860

	Nature	As at 31 December		As at 30 June
		2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*
Amounts due to:				
Subsidiaries	Non-trade	13,884	13,847	2,463
Subsidiaries	Trade	7,074	9,898	17,167
Total		20,958	23,745	19,630

The maximum amounts of the non-trade related receivables due from a director during the Relevant Periods:

		Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Amount due from:					
A director	Non-trade	4,446	4,601	4,524	–

The Group has assessed the expected loss rate for amounts due from related parties by considering the financial position and credit history of these related parties and assessed that the expected credit loss is minimal.

(d) Compensation for key management of the Group

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,432	5,159	2,359	3,245
Performance related bonuses	1,720	760	510	380
Pension scheme contributions	8	58	45	18
Equity-settled share-based payments	1,019	707	474	1,288
Total	6,179	6,684	3,388	4,931

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

31. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVTPL:			
Wealth management products	–	50,055	–

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVOCI:			
Debt investments at FVOCI	–	30,067	30,331
Financial assets at amortised cost:			
Financial assets included in prepayments, other receivables and other assets	4,707	4,328	810
Amounts due from related parties	4,946	4,601	800
Restricted bank balances	–	7,000	–
Cash and cash equivalents	50,783	43,577	53,051
Total	60,436	139,628	84,992

Financial liabilities

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:			
Interest-bearing bank borrowings	5,005	5,003	30,018
Financial liabilities included in trade and other payables	31,764	42,323	43,075
Redemption liabilities on owners' capital/equity shares	582,689	838,999	887,238
Total	619,458	886,325	960,331

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, financial assets included in prepayments, other receivables and other assets (in the current portion), amounts due from related parties, financial liabilities included in trade and other payables and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

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

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

The Group invests in wealth management products and certificates of deposits issued by banks in the Chinese mainland. The Group has estimated the fair value of these wealth management products and certificates of deposits by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

An analysis of the fair value measurement of financial instruments at the end of each of the Relevant Periods is as follows:

Fair value hierarchy

Financial assets at FVTPL and FVTOCI:

At 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	–	50,055	–	50,055
Debt investments at FVTOCI	–	30,067	–	30,067
Total	–	80,122	–	80,122

At 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt investments at FVTOCI	–	30,331	–	30,331

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Credit risk

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

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from related parties	4,446	–	–	500	4,946
Financial assets included in prepayments, other receivables and other assets – normal*	4,707	–	–	–	4,707
Cash and cash equivalents – not yet past due	50,783	–	–	–	50,783
Total	59,936	–	–	500	60,436

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from a related party	4,601	–	–	–	4,601
Financial assets included in prepayments, other receivables and other assets – normal*	4,328	–	–	–	4,328
Restricted bank balances - not yet past due	7,000	–	–	–	7,000
Cash and cash equivalents – not yet past due	50,577	–	–	–	50,577
Debt investments at FVTOCI	30,067	–	–	–	30,067
Total	89,573	–	–	–	89,573

At 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due from a related party	–	–	–	800	800
Financial assets included in prepayments, other receivables and other assets – normal*	810	–	–	–	810
Cash and cash equivalents – not yet past due	53,051	–	–	–	53,051
Debt investments at FVTOCI	30,331	–	–	–	30,331
Total	84,192	–	–	800	84,992

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities of subsidiaries in currencies other than the subsidiaries' functional currencies.

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

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If RMB weakens against USD	5	(1,057)	1,057
If RMB strengthens against USD	(5)	1,057	(1,057)
31 December 2025			
If RMB weakens against USD	5	(25)	25
If RMB strengthens against USD	(5)	25	(25)
30 June 2026			
If RMB weakens against USD	5	(2)	2
If RMB strengthens against USD	(5)	2	(2)

Liquidity risk

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

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

The Group

	As at 31 December 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	31,764	–	–	31,764
Interest-bearing bank borrowings	5,073	–	–	5,073
Redemption liabilities on owners' capital	–	852,179	–	852,179
Lease liabilities	2,518	2,670	–	5,188
Total	39,355	854,849	–	894,204

	As at 31 December 2025			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	42,323	–	–	42,323
Interest-bearing bank borrowings	5,329	–	–	5,329
Redemption liabilities on owners' capital	–	1,064,278	–	1,064,278
Lease liabilities	2,303	642	–	2,945
Total	49,955	1,064,920	–	1,114,875

	As at 30 June 2026			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial liabilities included in trade and other payables	43,075	–	–	43,075
Interest-bearing bank borrowings	30,739	–	–	30,739
Redemption liabilities on owners' capital/equity shares	–	1,064,278	–	1,064,278
Lease liabilities	1,982	1,747	–	3,729
Total	75,796	1,066,025	–	1,141,821

Capital management

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

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

34. SUBSEQUENT FINANCIAL STATEMENTS

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