

APPENDIX I

ACCOUNTANTS’ REPORT

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 HANGZHOU BANGSHUN PHARMACEUTICAL CO., LTD. AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Hangzhou Bangshun Pharmaceutical Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-3] to [I-47], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-3] to [I-47] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025 and other explanatory information (the “Interim Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* 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-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
REVENUE	5	943	509	–	–
Cost of sales		–	–	–	–
Gross profit		943	509	–	–
Other income and gains	6	16,194	11,451	10,149	1,488
Selling and marketing expenses		–	(728)	–	(4,215)
Research and development costs		(64,528)	(86,500)	(34,147)	(43,977)
Administrative expenses		(12,162)	(111,185)	(6,177)	(22,721)
Change in fair value of redemption liabilities on equity shares		(27,725)	(111,513)	(2,813)	(10,675)
Reversal of impairment/(impairment) losses on financial assets, net	7	18	(23)	(24)	(5)
Finance costs	8	(1,184)	(534)	(224)	(50)
LOSS BEFORE TAX	7	(88,444)	(298,523)	(33,236)	(80,155)
Income tax expense	11	–	–	(33)	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD . .		<u>(88,444)</u>	<u>(298,523)</u>	<u>(33,269)</u>	<u>(80,155)</u>
Attributable to:					
Owners of the parent		<u>(88,444)</u>	<u>(298,523)</u>	<u>(33,269)</u>	<u>(80,155)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	13	<u>(2.22)</u>	<u>(6.55)</u>	<u>(0.78)</u>	<u>(1.58)</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	15,366	53,172	68,170
Intangible assets		187	107	144
Right-of-use assets	15(a)	18,416	16,680	20,830
Restricted bank deposits	18	7,000	7,000	7,000
Prepayments, other receivables and other assets	16	15,091	18,751	22,208
Total non-current assets		56,060	95,710	118,352
CURRENT ASSETS				
Financial assets at fair value through profit or loss (“FVTPL”)	17	40,074	80,247	85,495
Prepayments, other receivables and other assets	16	2,186	11,878	12,566
Restricted bank deposits	18	1,554	2,677	2,677
Cash and cash equivalents	18	68,724	190,321	97,525
Total current assets		112,538	285,123	198,263
CURRENT LIABILITIES				
Trade payables	19	5,749	5,247	5,694
Other payables and accruals	20	12,800	30,458	30,586
Redemption liabilities on equity shares	21	556,135	954,648	965,323
Contract liabilities	22	4,245	3,736	3,736
Lease liabilities	15(b)	1,100	—	1,166
Total current liabilities		580,029	994,089	1,006,505
NET CURRENT LIABILITIES		(467,491)	(708,966)	(808,242)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(411,431)	(613,256)	(689,890)
NON-CURRENT LIABILITIES				
Lease liabilities	15(b)	—	—	3,031
Other payables and accruals	20	—	1,231	1,721
Total non-current liabilities		—	1,231	4,752
Net liabilities		(411,431)	(614,487)	(694,642)
DEFICIENCY IN ASSETS				
Equity attributable to owners of the parent				
Paid-in capital	24	41,356	—	—
Share capital	24	—	50,839	50,839
Reserves	25	(452,787)	(665,326)	(745,481)
Total deficits		(411,431)	(614,487)	(694,642)

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Paid-in capital	Capital reserve*	Other reserves*	Accumulated losses*	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	38,052	389,963	(386,000)	(365,002)	(322,987)
Loss for the year	—	—	—	(88,444)	(88,444)
Total comprehensive loss for the year	—	—	—	(88,444)	(88,444)
Issue of new shares (note 24)	3,304	122,696	—	—	126,000
Recognition of redemption liabilities on equity shares (note 21)	—	—	(126,000)	—	(126,000)
At 31 December 2024 . .	<u>41,356</u>	<u>512,659</u>	<u>(512,000)</u>	<u>(453,446)</u>	<u>(411,431)</u>

Year ended 31 December 2025

	Paid-in capital	Share capital	Capital reserve*	Other reserves*	Share-based payment reserve*	Accumulated losses*	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	41,356	—	512,659	(512,000)	—	(453,446)	(411,431)
Loss for the year	—	—	—	—	—	(298,523)	(298,523)
Total comprehensive loss for the year	—	—	—	—	—	(298,523)	(298,523)
Issue of new shares (note 24)	5,245	1,853	279,902	—	—	—	287,000
Capital contributions from an employee incentive platform (note 24) . . .	2,385	—	—	—	—	—	2,385
Conversion into a joint stock company (note 24)	(48,986)	48,986	(480,019)	—	—	480,019	—
Recognition of redemption liabilities on equity shares (note 21)	—	—	—	(287,000)	—	—	(287,000)
Share-based payments (note 26)	—	—	—	—	93,082	—	93,082
Vesting of awarded shares	—	—	93,082	—	(93,082)	—	—
At 31 December 2025 . .	<u>—</u>	<u>50,839</u>	<u>405,624</u>	<u>(799,000)</u>	<u>—</u>	<u>(271,950)</u>	<u>(614,487)</u>

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Six months ended 30 June 2025 (unaudited)

	Paid-in capital	Capital reserve	Other reserves	Accumulated losses	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	41,356	512,659	(512,000)	(453,446)	(411,431)
Loss for the period	—	—	—	(33,269)	(33,269)
Total comprehensive loss for the period . . .	—	—	—	(33,269)	(33,269)
Issue of new shares . . .	4,196	155,804	—	—	160,000
Recognition of redemption liabilities on equity shares	—	—	(160,000)	—	(160,000)
At 30 June 2025 (unaudited)	<u>45,552</u>	<u>668,463</u>	<u>(672,000)</u>	<u>(486,715)</u>	<u>(444,700)</u>

Six months ended 30 June 2026

	Share capital	Capital reserve*	Other reserves*	Accumulated losses*	Total deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2026	50,839	405,624	(799,000)	(271,950)	(614,487)
Loss for the period	—	—	—	(80,155)	(80,155)
Total comprehensive loss for the period . . .	—	—	—	(80,155)	(80,155)
At 30 June 2026	<u>50,839</u>	<u>405,624</u>	<u>(799,000)</u>	<u>(352,105)</u>	<u>(694,642)</u>

* These reserve accounts comprise the negative amounts of consolidated reserves of RMB452,787,000 and RMB665,326,000 and RMB745,481,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(88,444)	(298,523)	(33,236)	(80,155)
Adjustments for:					
(Reversal of impairment)/					
impairment losses on financial					
assets, net	7	(18)	23	24	5
Finance costs	8	1,184	534	224	50
Fair value loss on redemption					
liabilities on equity shares	21	27,725	111,513	2,813	10,675
Fair value gains on financial					
assets at FVTPL	6	(74)	(247)	(79)	(299)
Interest income	6	(552)	(328)	(205)	(49)
Investment income from financial					
assets at FVTPL	6	(721)	(1,511)	(500)	(1,076)
Depreciation of property, plant					
and equipment	7	4,409	2,387	1,535	777
Amortisation of intangible assets .	7	157	80	40	42
Depreciation of right-of-use					
assets	7	1,302	1,258	650	530
Share-based payment expenses . . .	26	—	93,082	—	—
		(55,032)	(91,732)	(28,734)	(69,500)
(Increase)/decrease in prepayments,					
other receivables and other assets .		(704)	(5,443)	(747)	1,815
(Decrease)/increase in trade					
payables		(5,732)	(502)	(1,975)	447
Increase/(decrease) in contract					
liabilities		4,245	(509)	—	—
(Decrease)/increase in amounts due					
to related parties		(2,055)	—	620	—
(Decrease)/increase in other payables					
and accruals		(4,001)	1,526	(4,155)	(390)
Cash used in operations		(63,279)	(96,660)	(34,991)	(67,628)
Interest received		552	328	205	49
Income tax (paid)/received		—	(33)	(8)	33
Net cash flows used in operating		(62,727)	(96,365)	(34,794)	(67,546)
CASH FLOWS FROM INVESTING ACTIVITIES					
Placement of restricted bank					
deposits	18	(16,554)	(2,677)	(2,677)	—
Withdrawal of restricted bank					
deposits	18	8,000	1,554	—	—
Withdrawal of financial assets at					
FVTPL		229,168	845,000	295,000	697,000
Investment income received from					
financial assets at FVTPL		755	1,585	574	1,127
Purchases of financial assets at					
FVTPL		(202,409)	(885,000)	(325,000)	(702,000)
Purchases of intangible assets		(204)	—	—	(89)
Purchases of items of property, plant					
and equipment		(5,648)	(28,945)	(11,159)	(17,908)
Purchases of land use rights		(17,067)	—	—	—
Net cash flows used in investing		(3,959)	(68,483)	(43,262)	(21,870)

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		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		126,000	289,385	160,000	—
Issue costs paid on redemption liabilities on equity shares		(1,000)	(200)	—	(300)
Payment of [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of bank borrowings		(5,350)	—	—	—
Interest paid on bank borrowings . . .		(146)	—	—	—
Prepaid lease payments		—	—	—	(235)
Principal portion of lease payments .		(1,520)	(998)	(431)	(469)
Net cash flows from/(used in) financing activities		117,984	286,445	159,569	(3,380)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period		17,426	68,724	68,724	190,321
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
		68,724	190,321	150,237	97,525
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	18	77,278	199,998	161,468	107,202
Restricted bank deposits	18	(8,554)	(9,677)	(11,231)	(9,677)
Cash and cash equivalents as stated in the consolidated statements of cash flows and the consolidated statements of financial position . .					
		68,724	190,321	150,237	97,525

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	7,864	5,702	4,925
Intangible assets		187	107	144
Right-of-use assets	15(a)	1,520	126	4,447
Investments in subsidiaries	1	108,000	108,000	108,000
Prepayments, other receivables and other assets	16	14,923	16,238	18,177
Total non-current assets		132,494	130,173	135,693
CURRENT ASSETS				
Financial assets at FVTPL	17	–	50,245	60,481
Prepayments, other receivables and other assets	16	2,121	11,783	12,505
Cash and cash equivalents	18	32,012	173,394	93,843
Total current assets		34,133	235,422	166,829
CURRENT LIABILITIES				
Trade payables	19	5,749	5,247	5,694
Other payables and accruals	20	10,790	16,314	17,832
Contract liabilities	22	4,245	3,736	3,736
Redemption liabilities on equity shares	21	556,135	954,648	965,323
Lease liabilities	15(b)	1,100	–	1,166
Total current liabilities		578,019	979,945	993,751
NET CURRENT LIABILITIES		(543,886)	(744,523)	(826,922)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		(411,392)	(614,350)	(691,229)
NON-CURRENT LIABILITIES				
Lease liabilities	15(b)	–	–	3,031
Total non-current liabilities		–	–	3,031
Net liabilities		(411,392)	(614,350)	(694,260)
DEFICIENCY IN ASSETS				
Paid-in capital	24	41,356	–	–
Share capital	24	–	50,839	50,839
Reserves	25	(452,748)	(665,189)	(745,099)
Total deficits		(411,392)	(614,350)	(694,260)

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established as a limited liability company in the People’s Republic of China (the “PRC”) on 22 May 2020 and was converted into a joint stock limited company on 26 November 2025. The registered office address of the Company is Room 101, Building 2, No. 2069 Jinchang Road, Liangzhu Sub-district, Yuhang District, Hangzhou, Zhejiang, the PRC.

The Group are principally engaged in the research and development of biopharmaceutical products.

During the Relevant Periods, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are as follows:

Name	Place and date of registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company	Principal activities
<i>Direct</i>				
Bangshun Pharmaceutical (Shaoxing) Co., Ltd. (邦順藥業(紹興)有限公司)* (note a)	The PRC/Chinese mainland, 6 June 2024	RMB108,000,000	100%	Pharmaceutical research and development and production
Shanghai Hucheng Pharmaceutical Technology Co., Ltd. (上海湖呈醫藥科技有限公司)* (note b)	The PRC/Chinese mainland, 19 April 2023	RMB100,000	100%	N/A

* These entities are limited liability companies established under the PRC law. Their English names represent the best efforts made by the directors of the Company (the “Directors”) in translating the Chinese names, as they have not been registered with official English names.

Notes:

- (a) The statutory financial statements of this entity for the year ended 31 December 2024 were audited by Zhejiang Henghui Certified Public Accountants (浙江恆惠會計師事務所), certified public accountants registered in the PRC. The statutory financial statements of this entity for the year ended 31 December 2025 were audited by Taihang Kangfeng (Hangzhou) Certified Public Accountants (泰杭康峰(杭州)會計師事務所), certified public accountants registered in the PRC.
- (b) Shanghai Hucheng Pharmaceutical Technology Co., Ltd. was deregistered on 14 November 2025. No audited financial statements have been prepared for this entity for the Relevant Periods.

The Company

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Unlisted shares, at cost	108,000	108,000	108,000

2.1 BASIS OF PREPARATION

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

The Historical Financial Information has been prepared under the historical cost convention, except for wealth management products and redemption liabilities on equity shares which have been measured at fair value.

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The Group incurred continuous losses during the Relevant Periods due to its new drug research and development businesses. The Group recorded net current liabilities of RMB808,242,000 and net liabilities of RMB694,642,000 as at 30 June 2026, primarily due to the significant amount of the redemption liabilities on equity shares of RMB965,323,000. In the opinion of the Directors, the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements for the next twelve months after 30 June 2026. This is due to the following considerations:

- (a) The primary cause of the net liabilities as at 30 June 2026 is the significant amount of redemption liabilities on equity shares, details of which are included in note 21 to the Historical Financial Information. The redemption rights in the Company’s shares have been terminated one day prior to the Company’s first submission of [REDACTED] to the Stock Exchange and shall be reinstated in the event where (i) the [REDACTED] is not accepted (including being rejected or returned); (ii) the Company withdraws its [REDACTED]; (iii) the Company fails to complete the [REDACTED] before [REDACTED]; or (iv) the [REDACTED] committee of the Stock Exchange does not approve the [REDACTED]. Further, redemption liabilities on equity shares of the Company will be derecognised from liabilities as a result of the termination of all special rights upon the [REDACTED] of the shares of the Company on the Stock Exchange (“[REDACTED]”). Based on the latest application status, the Directors are of the opinion that the Company is expected to complete the [REDACTED] successfully before [REDACTED] and therefore the redemption liabilities on equity shares will unlikely be redeemed within the twelve months from 30 June 2026;
- (b) The Group had cash and cash equivalents of RMB97,525,000 and wealth management products of RMB85,495,000 with a general maturity term ranging from 2 days to 20 days as at 30 June 2026; and
- (c) The Group has performed a cash flow forecast for the next twelve months after 30 June 2026. Based on the rigorous review of the forecast, the Directors are satisfied that the Group will have sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group for the next twelve months from 30 June 2026, including cash and cash equivalents.

Therefore, the Directors assessed that the Group can operate as a going concern in the foreseeable future.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods and the six months ended 30 Jun 2025. 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).

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 and any non-controlling interest; 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.

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2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities³</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
Amendments to HKAS 28	<i>Fair Value Option for Investments in Associates and Joint Ventures¹</i>

- 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

The Group is in the process of making an assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. So far, the Group considers that new and amended HKFRS Accounting Standards are unlikely to have a significant impact on the Group’s financial performance and financial position.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements. The Group will continue to assess the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group’s financial statements.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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For assets and liabilities that are recognised in the Historical Financial Information 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, 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.

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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 estimated useful lives of property, plant and equipment are as follows:

Machinery	10 years
Electronic equipment	5 years
Other equipment	5 or 10 years
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

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

Intangible assets

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	3 years
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Research and development costs

All research costs are charged to the statement of 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	4 to 5 years
Leasehold land	50 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.

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(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.

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

The Group’s lease liabilities are presented as a separate line item on the consolidated statements of financial position.

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. 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 fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition” below.

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at 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.

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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.

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

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

Impairment of financial assets

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

General approach

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

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

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

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 financial liabilities at fair value through profit or loss, 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.

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The Group’s financial liabilities include trade and other payables and redemption liabilities on 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, and borrowings)

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include redemption liabilities on equity shares.

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

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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 differences; 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.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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. Government grants received for which related expenditure has not yet been undertaken are included in other payables and accruals in the consolidated statement of financial position.

Revenue recognition

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(a) Technology transfer

Revenue from the technology transfer is recognised at the point in time when control of the services is transferred to the customer, generally when the performance obligation is satisfied.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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Share-based payments

Employees (including directors) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the back-solve method, further details of which are given in note 26 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 scheme

The employees of the Group which operates in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Company and its 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.

Housing fund — Chinese mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

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

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

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, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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Judgements

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

Research and development costs

Development costs incurred on the Group’s product pipelines are 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, the Group’s intention to complete and the Group’s ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. During the Relevant Periods, all expenses incurred for research and development activities were expensed when incurred.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

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.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as a subsidiary’s stand-alone credit rating).

Impairment of non-financial assets

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.

Fair value of redemption liabilities on equity shares

The redemption liabilities on equity shares issued by the Group are not traded in an active market and the respective fair value is determined by using valuation techniques, including the back-solve method. Such valuation is based on key parameters about risk-free interest rate, discounts for lack of marketability (“DLOM”) and volatility, which are subject to uncertainty and might materially differ from the actual results.

The fair values of redemption liabilities on equity shares of the Group as at 31 December 2024 and 2025 and 30 June 2026 were RMB556,135,000 and RMB954,648,000 and RMB965,323,000, respectively. Further details are set out in note 21 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for 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. There were no deferred tax assets recognised for tax losses as at the end of each of the Relevant Periods. Further details are contained in note 23 to the Historical Financial Information.

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Share-based payments

The Group has granted restricted shares to the Group’s employees. The Company has engaged an independent valuer to determine the fair value of the shares granted to employees, which is expensed over the vesting periods. Unobservable inputs such as the risk-free interest rate, volatility and DLOM, are used in determining the fair value of the share-based payment expense.

4. OPERATING SEGMENT INFORMATION

Operating segment information

For management purposes, the Group has only one reportable operating segment, which is the development and commercialisation of biopharmaceutical products and no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Chinese mainland	943	509	—	—
	<u>943</u>	<u>509</u>	<u>—</u>	<u>—</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Chinese mainland	49,060	88,710	111,352
	<u>49,060</u>	<u>88,710</u>	<u>111,352</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

5. REVENUE

An analysis of revenue 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
Revenue from contracts with customers	943	509	—	—
	<u>943</u>	<u>509</u>	<u>—</u>	<u>—</u>

(a) Disaggregated revenue information

Type of services

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Technology transfer	943	509	—	—
	<u>943</u>	<u>509</u>	<u>—</u>	<u>—</u>

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Geographical market

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese mainland	943	509	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Timing of revenue recognition

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Transferred at a point in time	943	509	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(b) Performance obligation

(i) Technology transfer

The performance obligation is satisfied at the point in time as services are rendered. The payment terms are usually negotiated between the Group and the customers on an individual contract basis.

6. 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 (<i>note</i>)	14,847	9,365	9,365	64
Bank interest income	552	328	205	49
Investment income from financial assets at FVTPL	721	1,511	500	1,076
Total other income	<u>16,120</u>	<u>11,204</u>	<u>10,070</u>	<u>1,189</u>
Gains				
Fair value gains on financial assets at FVTPL	74	247	79	299
Total other income and gains	<u>16,194</u>	<u>11,451</u>	<u>10,149</u>	<u>1,488</u>

Note: Government grants during the Relevant Periods and the six months ended 30 June 2025 were mainly attributable to the Group’s research and development costs. Government grants received for which the related expenditure has not yet incurred are included in other payables and accruals in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these government grants.

7. LOSS BEFORE TAX

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

	<i>Notes</i>	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*	14	4,409	2,387	1,535	777
Amortisation of intangible assets**		157	80	40	42

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	Notes	Year ended 31 December		Six months ended 30 June	
		2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Depreciation of right-of-use assets	15	1,302	1,258	650	530
Research and development costs		64,528	86,500	34,147	43,977
(Reversal of impairment)/impairment of financial assets, net		(18)	23	24	5
Expenses relating to short-term leases	15(c)	11	139	64	37
[REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Staff costs (including directors’, supervisor’s and chief executive’s emoluments):					
Salaries, bonuses, allowances and benefits in kind		37,060	43,767	18,625	32,790
Pension scheme contributions		2,850	3,364	1,573	1,960
Share-based payment expense***		—	93,082	—	—
Total		39,910	140,213	20,198	34,750

* The depreciation of property, plant and equipment is included in “Administrative expenses”, “Research and development costs” and “Selling and marketing expenses” in the consolidated statements of profit or loss and other comprehensive income.

** The amortisation of intangible assets is included in “Administrative expenses” and “Research and development costs” in the consolidated statements of profit or loss and other comprehensive income.

*** Share-based payment expense is included in “Administrative expenses” and “Research and development costs” in the consolidated statements of profit or loss and other comprehensive income.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings	146	—	—	—
Interest on lease liabilities (note 15)	94	34	24	50
Transaction cost on issue of redemption liabilities on equity shares	944	500	200	—
Total	1,184	534	224	50

9. DIRECTORS’, SUPERVISOR’S AND CHIEF EXECUTIVE’S REMUNERATION

Directors’, supervisor’s and chief executive’s remuneration for the Relevant Periods and the six months ended 30 June 2025, 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	—	75	—	225

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	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Other emoluments:				
Salaries, allowances and benefits in kind	2,824	3,943	1,293	2,397
Performance related bonuses	3,278	4,236	1,463	5,777
Pension scheme contributions	143	162	72	72
Share-based payment expense	–	77,543	–	–
Subtotal	6,245	85,884	2,828	8,246
Total	6,245	85,959	2,828	8,471

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025 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
Mr. Li Wai Man Raymond	–	25	–	75
Dr. Su Weike	–	25	–	75
Ms. Chu Yik Hei	–	25	–	75
Total	–	75	–	225

Mr. Li Wai Man Raymond, Dr. Su Weike and Ms. Chu Yik Hei were appointed as independent non-executive directors of the Company in November 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

(b) Directors (excluding independent non-executive directors), supervisors and chief executive

The remuneration of each of the Company’s directors (excluding independent non-executive directors), the supervisor and the chief executive is set out below.

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expense	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2024						
Directors:						
Mr. Li Bangliang (a)	–	–	–	–	–	–
Dr. Lyu Yubin (chief executive) (b)	–	996	2,309	42	–	3,347
Ms. Lu Jian (c)	–	882	367	42	–	1,291
Mr. Li Yuedong (d)	–	–	–	–	–	–
Mr. Zhou Mi (e)	–	–	–	–	–	–
Mr. Zhang Yuhao (f)	–	–	–	–	–	–
Mr. Liu Xiaozhi (g)	–	–	–	–	–	–
Ms. Huang Xuehui (i)	–	289	355	17	–	661
Ms. Wang Zhiying (j)	–	–	–	–	–	–
Subtotal	–	2,167	3,031	101	–	5,299
Supervisor:						
Dr. Zheng Mei (h)	–	657	247	42	–	946
Total	–	2,824	3,278	143	–	6,245

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	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025						
Directors:						
Mr. Li Bangliang (a) . . .	–	503	600	–	798	1,901
Dr. Lyu Yubin (chief executive) (b)	–	1,200	2,309	49	–	3,558
Ms. Lu Jian (c)	–	922	389	49	–	1,360
Mr. Li Yuedong (d)	–	750	700	24	76,745	78,219
Mr. Zhou Mi (e)	–	–	–	–	–	–
Mr. Zhang Yuhao (f)	–	–	–	–	–	–
Ms. Pei Yanlong (k)	–	–	–	–	–	–
Mr. Liu Xiaozhi (g)	–	–	–	–	–	–
Subtotal	–	3,375	3,998	122	77,543	85,038
Supervisor:						
Dr. Zheng Mei (h)	–	568	238	40	–	846
Total	–	3,943	4,236	162	77,543	85,884

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2025 (unaudited)						
Directors:						
Mr. Li Bangliang (a)	–	–	–	–	–	–
Dr. Lyu Yubin (chief executive) (b)	–	523	1,155	24	–	1,702
Ms. Lu Jian (c)	–	441	180	24	–	645
Mr. Li Yuedong (d)	–	–	–	–	–	–
Mr. Zhou Mi (e)	–	–	–	–	–	–
Mr. Zhang Yuhao (f)	–	–	–	–	–	–
Mr. Liu Xiaozhi (g)	–	–	–	–	–	–
Subtotal	–	964	1,335	48	–	2,347
Supervisor:						
Dr. Zheng Mei (h)	–	329	128	24	–	481
Total	–	1,293	1,463	72	–	2,828

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2026						
Directors:						
Mr. Li Bangliang (a)	–	603	1,603	–	–	2,206
Dr. Lyu Yubin (chief executive) (b)	–	648	1,345	24	–	2,017
Ms. Lu Jian (c)	–	498	693	24	–	1,215
Mr. Li Yuedong (d)	–	648	2,136	24	–	2,808
Mr. Zhou Mi (e)	–	–	–	–	–	–
Mr. Zhang Yuhao (f)	–	–	–	–	–	–
Total	–	2,397	5,777	72	–	8,246

Notes:

- (a) Mr. Li Bangliang was appointed as a director of the Company with effect from May 2024 and was appointed as the chairman of the board with effect from December 2024.

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- (b) Dr. Lyu Yubin was appointed as a director and the general manager of the Company with effect from October 2020 and was appointed as the chairman of the board from May 2021 to December 2024. Dr. Lyu Yubin resigned from his position as chairman of the board in December 2024, while continuing to serve as a director and the general manager of the Company thereafter.
- (c) Ms. Lu Jian was appointed as a director of the Company with effect from February 2023.
- (d) Mr. Li Yuedong was appointed as a director of the Company with effect from May 2024.
- (e) Mr. Zhou Mi was appointed as a director of the Company with effect from May 2021.
- (f) Mr. Zhang Yuhao was appointed as a director of the Company with effect from February 2023.
- (g) Mr. Liu Xiaozhi was appointed as a director of the Company with effect from May 2024 and resigned in August 2025.
- (h) Dr. Zheng Mei was appointed as a supervisor of the Company with effect from February 2023. Upon the completion of conversion into a joint stock limited company, no supervisory board would be set up. Therefore Dr. Zheng Mei has been no longer served as a supervisor since 26 November 2025, meanwhile continued to serve as an employee of the Company.
- (i) Ms. Huang Xuehui was appointed as a director of the Company with effect from May 2021 and resigned from her position as a director in May 2024, meanwhile continued to serve as an employee of the Company.
- (j) Ms. Wang Zhiying was appointed as a director of the Company with effect from May 2021 and resigned in May 2024.
- (k) Ms. Pei Yanlong was appointed as a director of the Company with effect from August 2025 and resigned in November 2025.

On 5 January 2026, Mr. Li Bangliang, Dr. Lyu Yubin, Ms. Lu Jian and Mr. Li Yuedong were re-designated as executive directors.

On 5 January 2026, Mr. Zhou Mi and Mr. Zhang Yuhao were re-designated as non-executive directors.

During the year ended 31 December 2025, two directors were granted share awards in respect of their services to the Group, further details of which are set out in note 26 to the Historical Financial Information. The fair value of such shares, which has been recognised in profit or loss, was determined as at the date of grant and the related expenses included in the Historical Financial Information for the year ended 31 December 2025 have been included in the above directors’, supervisor’s and chief executive’s remuneration disclosures.

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

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2025 included three, two, four, and two directors and one supervisor, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining highest paid employees who are not a director or supervisor of the Company for the Relevant Periods and the six months ended 30 June 2025 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	1,627	1,345	1,022	483
Performance related bonuses	406	978	545	720
Pension scheme contributions	42	121	24	–
Share-based payment expense	–	5,004	–	–
Total	<u>2,075</u>	<u>7,448</u>	<u>1,591</u>	<u>1,203</u>

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The numbers of non-director and non-supervisor 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
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees (unaudited)</i>	<i>Number of employees</i>
HK\$500,001 to HK\$1,000,000	1	—	1	—
HK\$1,000,001 to HK\$1,500,000	1	—	1	1
HK\$2,500,001 to HK\$3,000,000	—	3	—	—
Total	2	3	2	1
	=	=	=	=

During the year ended 31 December 2025, three non-director and non-chief executive highest paid employees were granted share awards in respect of their services to the Group, further details of which are set out in note 26 to the Historical Financial Information. The fair value of such shares, which has been recognised in profit or loss, was determined as at the date of grant and the related expenses included in the Historical Financial Information for the year ended 31 December 2025 have been included in the above remuneration disclosures.

11. INCOME TAX

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

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT rate of the Company and the PRC subsidiaries was 25% during the Relevant Periods and the six months ended 30 June 2025.

A reconciliation of tax charge applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000 (unaudited)</i>	<i>RMB'000</i>
Loss before tax	(88,444)	(298,523)	(33,236)	(80,155)
Tax at the statutory tax rate of 25%	(22,111)	(74,631)	(8,309)	(20,039)
Additional deductible allowance for research and development costs*	(13,765)	(17,204)	(7,959)	(9,832)
Deductible temporary differences and tax losses not recognised	28,839	40,262	15,519	26,706
Expenses not deductible for tax**	7,037	51,573	782	3,165
Tax charge at the Group’s effective rate	—	—	33	—

* According to the EIT Law, an additional 100% of qualified research and development costs incurred is allowed to be deducted from taxable income effective from 1 October 2022.

** Expenses not deductible for tax mainly include fair value loss on redemption liabilities on equity shares and share-based payment expenses.

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses can be utilised.

12. DIVIDENDS

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

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

The calculation of the basic loss per share amounts is based on the loss for the year/period attributable to the ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 39,902,846, 45,603,725, 50,838,962 and 42,709,463 (unaudited) outstanding during the Relevant Periods and the six months ended 30 June 2025, respectively.

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The calculation of the diluted loss per share is based on the loss for the year/period attributable to ordinary equity holders of the parent, adjusted to reflect the dilutive impact of the change in fair value of redemption liabilities on equity shares. The weighted average number of ordinary shares used in the calculation of diluted loss per share is based on the number of ordinary shares outstanding during the year/period used in the basic loss per share calculation adjusted for the dilutive effect of redemption liabilities on equity shares.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and the six months ended 30 June 2025 in respect of a dilution as the impact of the special rights attached to the Company’s Shares (defined in note 21) had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic and diluted loss per share is based on:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Loss				
Loss attributable to ordinary equity holders of the parent	(88,444)	(298,523)	(33,269)	(80,155)
Shares				
Weighted average number of ordinary shares outstanding during the year/period used in the basic loss per share calculation	39,902,846	45,603,725	42,709,463	50,838,962
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Expressed in RMB)				
– Basic and diluted	(2.22)	(6.55)	(0.78)	(1.58)

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2024						
At 1 January 2024:						
Cost	9,053	942	1,001	8,124	–	19,120
Accumulated depreciation	(1,523)	(333)	(309)	(4,730)	–	(6,895)
Net carrying amount	7,530	609	692	3,394	–	12,225
At 1 January 2024, net of accumulated depreciation	7,530	609	692	3,394	–	12,225
Additions	–	52	–	–	7,498	7,550
Depreciation provided during the year	(1,294)	(205)	(191)	(2,719)	–	(4,409)
At 31 December 2024, net of accumulated depreciation	6,236	456	501	675	7,498	15,366
At 31 December 2024:						
Cost	9,053	994	1,001	8,124	7,498	26,670
Accumulated depreciation	(2,817)	(538)	(500)	(7,449)	–	(11,304)
Net carrying amount	6,236	456	501	675	7,498	15,366
As at 31 December 2025						
At 1 January 2025:						
Cost	9,053	994	1,001	8,124	7,498	26,670
Accumulated depreciation	(2,817)	(538)	(500)	(7,449)	–	(11,304)
Net carrying amount	6,236	456	501	675	7,498	15,366

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	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025, net of accumulated depreciation	6,236	456	501	675	7,498	15,366
Additions	9	216	–	–	39,968	40,193
Depreciation provided during the year	(1,282)	(238)	(192)	(675)	–	(2,387)
At 31 December 2025, net of accumulated depreciation	4,963	434	309	–	47,466	53,172
At 31 December 2025:						
Cost	9,062	1,210	1,001	8,124	47,466	66,863
Accumulated depreciation	(4,099)	(776)	(692)	(8,124)	–	(13,691)
Net carrying amount. . .	4,963	434	309	–	47,466	53,172
As at 30 June 2026						
At 1 January 2026:						
Cost	9,062	1,210	1,001	8,124	47,466	66,863
Accumulated depreciation	(4,099)	(776)	(692)	(8,124)	–	(13,691)
Net carrying amount. . .	4,963	434	309	–	47,466	53,172
At 1 January 2026, net of accumulated depreciation	4,963	434	309	–	47,466	53,172
Additions	–	–	–	–	15,775	15,775
Depreciation provided during the period	(574)	(108)	(95)	–	–	(777)
At 30 June 2026, net of accumulated depreciation	4,389	326	214	–	63,241	68,170
At 30 June 2026:						
Cost	9,062	1,210	1,001	8,124	63,241	82,638
Accumulated depreciation	(4,673)	(884)	(787)	(8,124)	–	(14,468)
Net carrying amount. . .	4,389	326	214	–	63,241	68,170

The Company

	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024					
At 1 January 2024:					
Cost	9,053	942	1,001	8,124	19,120
Accumulated depreciation	(1,523)	(333)	(309)	(4,730)	(6,895)
Net carrying amount. . .	7,530	609	692	3,394	12,225
At 1 January 2024, net of accumulated depreciation	7,530	609	692	3,394	12,225
Additions	–	48	–	–	48
Depreciation provided during the year	(1,294)	(205)	(191)	(2,719)	(4,409)
At 31 December 2024, net of accumulated depreciation	6,236	452	501	675	7,864

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ACCOUNTANTS’ REPORT

	Machinery	Electronic equipment	Other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024:					
Cost	9,053	990	1,001	8,124	19,168
Accumulated depreciation	(2,817)	(538)	(500)	(7,449)	(11,304)
Net carrying amount.	<u>6,236</u>	<u>452</u>	<u>501</u>	<u>675</u>	<u>7,864</u>
As at 31 December 2025					
At 1 January 2025:					
Cost	9,053	990	1,001	8,124	19,168
Accumulated depreciation	(2,817)	(538)	(500)	(7,449)	(11,304)
Net carrying amount.	<u>6,236</u>	<u>452</u>	<u>501</u>	<u>675</u>	<u>7,864</u>
At 1 January 2025, net of accumulated depreciation .	6,236	452	501	675	7,864
Additions	9	216	–	–	225
Depreciation provided during the year	(1,282)	(238)	(192)	(675)	(2,387)
At 31 December 2025, net of accumulated depreciation	<u>4,963</u>	<u>430</u>	<u>309</u>	<u>–</u>	<u>5,702</u>
At 31 December 2025:					
Cost	9,062	1,206	1,001	8,124	19,393
Accumulated depreciation	(4,099)	(776)	(692)	(8,124)	(13,691)
Net carrying amount.	<u>4,963</u>	<u>430</u>	<u>309</u>	<u>–</u>	<u>5,702</u>
As at 30 June 2026					
At 1 January 2026:					
Cost	9,062	1,206	1,001	8,124	19,393
Accumulated depreciation	(4,099)	(776)	(692)	(8,124)	(13,691)
Net carrying amount.	<u>4,963</u>	<u>430</u>	<u>309</u>	<u>–</u>	<u>5,702</u>
At 1 January 2026, net of accumulated depreciation .	4,963	430	309	–	5,702
Additions	–	–	–	–	–
Depreciation provided during the period	(574)	(108)	(95)	–	(777)
At 30 June 2026, net of accumulated depreciation .	<u>4,389</u>	<u>322</u>	<u>214</u>	<u>–</u>	<u>4,925</u>
At 30 June 2026:					
Cost	9,062	1,206	1,001	8,124	19,393
Accumulated depreciation	(4,673)	(884)	(787)	(8,124)	(14,468)
Net carrying amount.	<u>4,389</u>	<u>322</u>	<u>214</u>	<u>–</u>	<u>4,925</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and various office premises used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the government with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. The lease of office premises has lease terms between 4 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

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(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:

	Office premises	Leasehold land	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2024	2,822	–	2,822
Additions	–	17,067	17,067
Depreciation charge	(1,302)	(171)	(1,473)
As at 31 December 2024 and 1 January 2025	1,520	16,896	18,416
Revision of lease terms	(136)	–	(136)
Depreciation charge	(1,258)	(342)	(1,600)
As at 31 December 2025 and 1 January 2026	126	16,554	16,680
Additions	4,851	–	4,851
Depreciation charge	(530)	(171)	(701)
As at 30 June 2026	4,447	16,383	20,830

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of year/period	2,526	1,100	–
New leases	–	–	4,616
Revision of lease terms	–	(136)	–
Accretion of interest recognised during the year/period	94	34	50
Payments	(1,520)	(998)	(469)
Carrying amount at the end of year/period	1,100	–	4,197
Analysed into:			
Current portion	1,100	–	1,166
Non-current portion	–	–	3,031

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
Depreciation charge of right-of-use assets (note 7)	1,302	1,258	650	530
Interest on lease liabilities (note 8)	94	34	24	50
Expenses relating to short-term leases (note 7)	11	139	64	37
Total amount recognised in profit or loss	1,407	1,431	738	617

(d) The total cash outflow for leases is disclosed in note 27(c) to the Historical Financial Information.

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The Company as a lessee

(a) Right-of-use assets

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

	Office premises	Total
	RMB'000	RMB'000
As at 1 January 2024	2,822	2,822
Depreciation charge	(1,302)	(1,302)
As at 31 December 2024 and 1 January 2025	1,520	1,520
Revision of lease terms	(136)	(136)
Depreciation charge	(1,258)	(1,258)
As at 31 December 2025 and 1 January 2026	126	126
Additions	4,851	4,851
Depreciation charge	(530)	(530)
As at 30 June 2026	4,447	4,447

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year/period	2,526	1,100	–
New leases	–	–	4,616
Revision of lease terms	–	(136)	–
Accretion of interest recognised during the year/period	94	34	50
Payments	(1,520)	(998)	(469)
Carrying amount at the end of year/period	1,100	–	4,197
Analysed into:			
Current portion	1,100	–	1,166
Non-current portion	–	–	3,031

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
Current:			
Prepayments	2,107	7,159	7,276
Other receivables	83	508	574
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	–	2,033	–
	2,190	11,905	12,598
Impairment	(4)	(27)	(32)
Subtotal	2,186	11,878	12,566
Non-current:			
Value-added tax recoverable	15,091	18,751	22,208
Subtotal	15,091	18,751	22,208
Total	17,277	30,629	34,774

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The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current:			
Prepayments	2,107	7,159	7,276
Other receivables	15	407	506
Deferred [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	–	2,033	–
	<u>2,122</u>	<u>11,804</u>	<u>12,530</u>
Impairment	(1)	(21)	(25)
Subtotal	<u>2,121</u>	<u>11,783</u>	<u>12,505</u>
Non-current:			
Value-added tax recoverable	14,923	16,238	18,177
Subtotal	<u>14,923</u>	<u>16,238</u>	<u>18,177</u>
Total	<u>17,044</u>	<u>28,021</u>	<u>30,682</u>

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. The Group’s expected credit loss rates for other receivables were 5.00%, 5.71% and 5.59% as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively. An impairment analysis was performed at the end of each of the Relevant Periods. The balances are interest-free and are not secured with collateral.

17. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Wealth management products	<u>40,074</u>	<u>80,247</u>	<u>85,495</u>

The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Wealth management products	<u>–</u>	<u>50,245</u>	<u>60,481</u>

The above unlisted investments were wealth management products 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.

18. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and bank balances	77,278	199,998	107,202
Less:			
Restricted bank deposits (note a)			
–Current	(1,554)	(2,677)	(2,677)
–Non-current	(7,000)	(7,000)	(7,000)
Subtotal	<u>(8,554)</u>	<u>(9,677)</u>	<u>(9,677)</u>
Cash and cash equivalents	<u>68,724</u>	<u>190,321</u>	<u>97,525</u>
Denominated in:			
RMB	<u>68,724</u>	<u>190,321</u>	<u>97,525</u>

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The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	32,012	173,394	93,843
Denominated in:			
RMB	32,012	173,394	93,843

Note:

- (a) Restricted bank deposits mainly represented cash pledged as security for bank guarantees issued in connection with the construction of manufacturing facilities of the subsidiary.

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

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

19. TRADE PAYABLES

The Group and the Company

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 1 year	5,749	5,247	5,694

The trade payables are non-interest-bearing and are normally settled on terms within 30 to 120 days.

20. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Current:			
Payroll payable	9,854	12,802	11,065
Other payables (a)	2,270	14,720	13,233
Government grants	317	–	–
Tax payable	359	603	3,141
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	12,800	30,458	30,586
Non-current:			
Other payables	–	1,231	1,721
Subtotal	–	1,231	1,721
Total	12,800	31,689	32,307

- (a) Other payables are non-interest-bearing and have an average payment term of three months.

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The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Payroll payable	9,854	12,802	11,065
Tax payable	243	402	3,041
Government grants	317	—	—
Other payables	376	777	579
Accrued [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Total	10,790	16,314	17,832

21. REDEMPTION LIABILITIES ON EQUITY SHARES

From December 2020 to December 2025, the Company received several rounds of investments as follows:

In December 2020, the Company issued 4,090,909 series A equity shares with a par value of RMB1.00 per share (“Series A Shares”) to several investors for a cash consideration of RMB144,000,000 or RMB35.20 per share.

In December 2022, the Company issued 5,297,203 series B1 equity shares with a par value of RMB1.00 per share (“Series B1 Shares”) to several investors for a cash consideration of RMB202,000,000 or RMB38.13 per share.

In September 2023, the Company issued 1,048,951 series B2 equity shares with a par value of RMB1.00 per share (“Series B2 Shares”) to one investor for a cash consideration of RMB40,000,000 or RMB38.13 per share.

In March 2024, the Company issued 944,056 series B3 equity shares with a par value of RMB1.00 per share (“Series B3 Shares”) to several investors for a cash consideration of RMB36,000,000 or RMB38.13 per share.

In May 2024, the Company issued 2,360,140 series B4-1 equity shares with a par value of RMB1.00 per share (“Series B4-1 Shares”) to one investor for a cash consideration of RMB90,000,000 or RMB38.13 per share.

In February 2025, the Company issued 3,409,090 series B4-2 equity shares with a par value of RMB1.00 per share (“Series B4-2 Shares”) to several investors for a cash consideration of RMB130,000,000 or RMB38.13 per share.

In March 2025, the Company issued 786,713 series B4-3 equity shares with a par value of RMB1.00 per share (“Series B4-3 Shares”) to one investor for a cash consideration of RMB30,000,000 or RMB38.13 per share.

In August 2025, the Company issued 1,048,951 series B5 equity shares with a par value of RMB1.00 per share (“Series B5 Shares”) to one investor for a cash consideration of RMB40,000,000 or RMB38.13 per share.

In November 2025, the Company issued 1,852,949 series C equity shares with a par value of RMB1.00 per share (“Series C Shares”) to several investors for a cash consideration of RMB87,000,000 or RMB46.95 per share.

Series A Shares, Series B1 Shares, Series B2 Shares, Series B3 Shares, Series B4-1 Shares, Series B4-2 Shares, Series B4-3 Shares, Series B5 Shares and Series C Shares are collectively referred to as “Shares”.

The key terms of the Shares are summarised as follows:

(1) Redemption rights

Upon the occurrence of any redemption triggering events (including but not limited to the Company’s failure to complete a qualified issue of shares from [REDACTED] (“[REDACTED]”) and investment commitment at specified dates), the Company, the founders or the key person, at the request of the holders of the Shares, redeem all or any portion of the redemption liabilities held by such equity holders. The redemption price shall be determined as the higher of (i) the investment cost plus a simple fixed rate per annum and deduct the dividends received by the equity holders from the Company according to share percentage and (ii) the net assets of the Company at the time of redemption attributable to the shareholders according to share percentage.

(2) Liquidation preferences

In the event of any liquidation, dissolution or deemed liquidation event, the 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, an amount per share equal to the original issue price for each series of equity shares with an annual simple fixed interest rate and deduct any dividends received by the equity holders from the Company according to share percentage thereon in the same sequence.

(3) Anti-dilution rights

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 without consent, the holders of the Shares have a right to require the Company to issue additional paid-in capital at the lowest issue price permitted by law to the holders of the Shares or receive cash compensation from the Company, and

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the holders of the Shares also have a right to require the founders to transfer shares to the investors at the lowest issue price permitted by law or receive cash compensation from the founders, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Presentation and classification

The Group and the Company have designated the Shares issued to the holders of the Shares as a whole as financial liabilities carried at FVTPL and presented as “redemption liabilities on equity shares” in the consolidated statements of financial position. The change in fair value of the redemption liabilities on equity shares is charged to profit or loss except for the portion attributable to credit risk changes that shall be charged to other comprehensive income. Management considered that the fair value change in the redemption liabilities on equity shares attributable to changes of own credit risk was not significant.

The movements in redemption liabilities on equity shares are set out as follows:

	Series A Shares	Series B1 Shares	Series B2 Shares	Series B3 Shares	Series B4-1 Shares	Series B4-2 Shares	Series B4-3 Shares	Series B5 Shares	Series C Shares	Total Shares
At 1 January										
2024	158,329	204,297	39,784	—	—	—	—	—	—	402,410
Issue	—	—	—	36,000	90,000	—	—	—	—	126,000
Change in fair value	10,752	10,999	2,167	1,144	2,663	—	—	—	—	27,725
At 31 December										
2024	169,081	215,296	41,951	37,144	92,663	—	—	—	—	556,135
Issue	—	—	—	—	—	130,000	30,000	40,000	87,000	287,000
Change in fair value	22,153	30,578	6,137	5,582	13,999	21,284	5,425	6,261	94	111,513
At 31 December										
2025	191,234	245,874	48,088	42,726	106,662	151,284	35,425	46,261	87,094	954,648
Change in fair value	1,944	2,580	534	505	1,267	1,960	429	593	863	10,675
At 30 June										
2026	193,178	248,454	48,622	43,231	107,929	153,244	35,854	46,854	87,957	965,323

The Company has engaged an independent valuer to determine the fair values of the redemption liabilities on equity shares. The back-solve method of the market approach is used to determine the total equity value of the Group and the equity allocation based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of the redemption liabilities at the end of each of the Relevant Periods.

In addition to the underlying share value of the Company determined by the back-solve method, other key valuation assumptions used in the option pricing method to determine the fair value are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Risk-free interest rate	1.19%	1.36%	1.18%
DLOM	12.50%	10.22%	7.47%
Volatility	36.97%	37.01%	39.00%
Possibilities under liquidation scenario	30%	25%	22.5%
Possibilities under redemption scenario	30%	25%	22.5%
Possibilities under conversion scenario	40%	50%	55%

The Group estimated the risk-free interest rate based on the yield of China government bonds with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine the DLOM. Volatility was estimated based on annualised standard deviation of daily share price returns of comparable companies for a period from the valuation date and with a similar span as time to expiration.

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22. CONTRACT LIABILITIES

The Group and the Company

Details of contract liabilities are as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Short-term advances received from customers	4,245	3,736	3,736

The contract liabilities primarily relate to the Group’s obligations to transfer control of the related goods or services for which the Group has received the consideration from the customers.

23. DEFERRED TAX

The Group and the Company

Deferred tax liabilities

	Right-of-use assets
	RMB'000
As at 1 January 2024	706
Credited to the consolidated statements of profit or loss and other comprehensive income	(326)
As at 31 December 2024	380
Credited to the consolidated statements of profit or loss and other comprehensive income	(348)
As at 31 December 2025	32
Charged to the consolidated statements of profit or loss and other comprehensive income	1,080
As at 30 June 2026	1,112

Deferred tax assets

	Tax losses	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2024	74	632	706
Credited/(charged) to the consolidated statements of profit or loss and other comprehensive income	31	(357)	(326)
As at 31 December 2024	105	275	380
Charged to the consolidated statements of profit or loss and other comprehensive income	(73)	(275)	(348)
As at 31 December 2025	32	–	32
Credited to the consolidated statements of profit or loss and other comprehensive income	31	1,049	1,080
As at 30 June 2026	63	1,049	1,112

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 statements of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statements of financial position	–	–	–
	=	=	=

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The Group had tax losses in the Chinese mainland of RMB638,833,000 and RMB793,608,000 and RMB908,515,000 in aggregate as at 31 December 2024 and 2025 and 30 June 2026, respectively, that will expire in one to ten years for offsetting against future taxable profits of the company in which the losses arose.

Deferred tax assets for the Company and certain subsidiaries have not been recognised in respect of the tax losses and deductible temporary differences as it is not considered probable that taxable profits will be available against which the above items can be utilised.

24. PAID-IN CAPITAL/SHARE CAPITAL

The Group and The Company

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB'000	RMB'000	RMB'000
Issued and fully paid	41,356	50,839	50,839

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

	Pain-in capital	
	RMB'000	
As at 1 January 2024		38,052
Issue of new shares (<i>note a</i>)		3,304
As at 31 December 2024 and 1 January 2025		41,356
Issue of new shares (<i>note b</i>)		5,245
Capital contribution from an employee incentive platform (<i>note c</i>)		2,385
Conversion of the Company into a joint stock company (<i>note d</i>)		(48,986)
As at 31 December 2025		—
		—
	Number of shares in issue	Share capital
		RMB'000
As at 1 January 2025	—	—
Conversion of the Company into a joint stock company (<i>note d</i>)	48,986,013	48,986
Issue of new shares (<i>note b</i>)	1,852,949	1,853
As at 31 December 2025 and 30 June 2026	50,838,962	50,839

Notes:

- (a) In 2024, consideration for 944,056 Series B3 Shares of RMB36,000,000, and consideration for 2,360,140 Series B4-1 Shares of RMB90,000,000, were settled by several investors.
- (b) In 2025, consideration for 3,409,090 Series B4-2 Shares of RMB130,000,000, consideration for 786,713 Series B4-3 Shares of RMB30,000,000, consideration for 1,048,951 Series B5 Shares of RMB40,000,000, and consideration for 1,852,949 Series C Shares of RMB87,000,000 were settled by several investors.
- (c) In 2025, the consideration and registered capital of RMB2,385,000 were settled by an employee incentive platform.
- (d) Pursuant to the shareholders’ resolutions dated 18 October 2025, the then shareholders of the Company approved the conversion of the Company into a joint stock company with limited liabilities with 48,986,013 shares in a nominal value of RMB1.00 each. Upon the completion of registration with the Administration for Market Regulation of the Hangzhou (杭州市市場監督管理局) on 26 November 2025, the Company was converted into a joint stock company with limited liability.

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25. RESERVES

The Group

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

(a) Capital reserve

The capital reserve of the Group mainly represents the difference between the par value of the shares issued and the consideration received.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share-based payment expenses as set out in note 26 to the Historical Financial Information.

(c) Other reserves

Other reserve of the Group represents the initial recognition of the redemption liabilities from reserve with the carrying amount of the consideration received from the holders of the Shares, investments with redemption rights are stipulated in note 21 to the Historical Financial Information.

The Company

	Capital reserve	Other reserves	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	389,963	(386,000)	—	(365,002)	(361,039)
Issue of new shares	122,696	—	—	—	122,696
Recognition of redemption liabilities on equity shares (note 21)	—	(126,000)	—	—	(126,000)
Total comprehensive loss for the year	—	—	—	(88,405)	(88,405)
At 31 December 2024 and 1 January 2025	512,659	(512,000)	—	(453,407)	(452,748)
Issue of new shares	279,902	—	—	—	279,902
Conversion of the Company into a joint stock company	(480,019)	—	—	480,019	—
Share-based payments (note 26)	—	—	93,082	—	93,082
Vesting of awarded shares . .	93,082	—	(93,082)	—	—
Recognition of redemption liabilities on equity shares (note 21)	—	(287,000)	—	—	(287,000)
Total comprehensive loss for the year	—	—	—	(298,425)	(298,425)
At 31 December 2025 and 1 January 2026	405,624	(799,000)	—	(271,813)	(665,189)
At 31 December 2024 and 1 January 2025	512,659	(512,000)	—	(453,407)	(452,748)
Issue of new shares	155,804	—	—	—	155,804
Recognition of redemption liabilities on equity shares	—	(160,000)	—	—	(160,000)
Total comprehensive loss for the period	—	—	—	(33,269)	(33,269)
At 30 June 2025 (unaudited)	668,463	(672,000)	—	(486,676)	(490,213)
At 31 December 2025 and 1 January 2026	405,624	(799,000)	—	(271,813)	(665,189)
Total comprehensive loss for the period	—	—	—	(79,910)	(79,910)
At 30 June 2026	405,624	(799,000)	—	(351,723)	(745,099)

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26. SHARE-BASED PAYMENTS

On 22 July 2025, two shareholders of Hangzhou Jiuyin Pharmaceutical Technology Co., Ltd. (“**Hangzhou Jiuyin**”), a substantial shareholder of the Company, transferred a total of 600,000 ordinary shares of Hangzhou Jiuyin to Mr. Li Yuedong and Ms. Hu Qunyan, the assistant to the general manager of the Company, for a total cash consideration of RMB800,000. The fair value of the shares at the date of transfer was RMB23.52 per share. The 600,000 ordinary shares of Hangzhou Jiuyin were regarded as awarded shares to compensate Mr. Li Yuedong’s and Ms. Hu Qunyan’s services rendered to the Group and were vested immediately. Share-based payment expense of RMB13,313,000 were charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

On 13 December 2023, Hangzhou Liuyintai Pharmaceutical Technology Partnership Enterprise (Limited Partnership) (杭州六因泰醫藥科技合夥企業(有限合夥)) (“**Hangzhou Liuyintai**”) was established as an employee incentive platform of the Group. On 1 November 2025, the Company adopted a restricted share unit scheme (the “Scheme”) for the purpose of rewarding Hangzhou Liuyintai’s shares to eligible participants, which was approved by the board of shareholders of the Company. Eligible participants of the Scheme include the Company’s directors and the Group’s employees. In 2025, the Company granted 2,385,000 restricted share units under the Scheme to 11 employees. The restricted share units were vested immediately upon grant. The restricted share units granted to employees are accounted for as equity awards and are measured at their fair values of grant dates. During the year ended 31 December 2025, 2,385,000 restricted share units have been vested and there are no restricted share units outstanding under the Scheme. The Group recognised share-based payment expense of RMB79,769,000 in relation to the Scheme for the year ended 31 December 2025.

The Group has determined the fair value of the awarded shares and restricted share units based on the back-solve method. The inputs used for the determination of the fair value of ordinary shares are listed as follows:

	At grant dates
Risk-free interest rate	1.41%-1.42%
DLOM	10.53%-11.10%
Volatility	35.93%-36.72%

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of nil, nil, nil and RMB4,616,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Bank loans	Redemption liabilities on equity shares
	RMB’000	RMB’000	RMB’000
At 1 January 2024	2,526	5,350	402,410
Accretion of interest	94	146	–
Additions	–	–	126,000
Payments	(1,520)	(5,496)	–
Change in fair value of redemption liabilities on equity shares	–	–	27,725
At 31 December 2024	1,100	–	556,135

	Lease liabilities	Redemption liabilities on equity shares	Accrued [REDACTED] expenses
	RMB’000	RMB’000	RMB’000
At 1 January 2025	1,100	556,135	[REDACTED]
Accretion of interest	34	–	[REDACTED]
Additions	–	287,000	[REDACTED]
Payments	(998)	–	[REDACTED]
Changes from operating cash flows	–	–	[REDACTED]
Change in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Revision of lease terms	(136)	–	[REDACTED]
Change in fair value of redemption liabilities on equity shares	–	111,513	[REDACTED]
At 31 December 2025	–	954,648	[REDACTED]

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	Lease liabilities	Redemption liabilities on equity shares
	RMB'000	RMB'000
At 1 January 2025	1,100	556,135
Accretion of interest	24	–
Additions	–	160,000
Payments	(431)	–
Change in fair value of redemption liabilities on equity shares . .	–	2,813
At 30 June 2025 (unaudited)	693	718,948

	Lease liabilities	Redemption liabilities on equity shares	Accrued [REDACTED] expenses
	RMB'000	RMB'000	RMB'000
At 1 January 2026	–	954,648	[REDACTED]
Accretion of interest	50	–	[REDACTED]
Additions	–	–	[REDACTED]
Payments	(469)	–	[REDACTED]
Changes from operating cash flows	–	–	[REDACTED]
Change in [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
New leases	4,616	–	[REDACTED]
Change in fair value of redemption liabilities on equity shares	–	10,675	[REDACTED]
At 30 June 2026	4,197	965,323	[REDACTED]

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

The total cash outflow for leases included in the consolidated statements of cash flows 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
Within operating activities	11	139	64	37
Within financing activities	1,520	998	431	704
Total	1,531	1,137	495	741

28. COMMITMENTS

(a) 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
Property, plant and equipment	176,042	132,875	115,839

(b) On 20 May 2024, a share subscription agreement (the “Series B4-1 Shares Investment Agreement”) was entered into between the Company, the then shareholders and Shaoxing Binhai New Area Biomedical Industry Equity Investment Fund Partnership (L.P.) (“Binhai Industry Fund”). Binhai Industry Fund agreed to subscribe for 2,360,140 shares at a consideration of RMB90,000,000, which was disclosed in note 21 to the Historical Financial Information. Pursuant to the agreement, the Group committed to invest RMB108,000,000 in Shaoxing Binhai New Area within two years afterwards, representing 120% of the subscription consideration. As at 31 December 2024, the Company had completed the investment through capital injections to the subsidiary as disclosed in note 1 to the Historical Financial Information.

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On 28 February 2025, a share subscription agreement (the “Series B4-2 Shares Investment Agreement”) was entered into between the Company, the then shareholders and Hangzhou Yuhang Innovation and Development Industry Fund Co., Ltd. and Binhai Industry Fund. Binhai Industry Fund agreed to additionally subscribe for 2,884,615 shares at a total consideration of RMB110,000,000. Similarly, pursuant to the agreement, the Group committed to invest RMB132,000,000 in Shaoxing Binhai New Area within three years afterwards, representing 120% of the subscription consideration. Such investment projects include, but are not limited to, the actual investment amount paid by the Group or other investors recommended by the Group in Shaoxing Binhai New Area, new capital injections, and new fixed assets and net assets, which are calculated on a combined basis after eliminating duplication, as well as total taxes incurred. As at 31 December 2025 and 30 June 2026, no amount of investment fulfilment had been confirmed by Binhai Industry Fund.

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship

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

Name of the related party	Relationship with the Group
Zhejiang Huayi Pharmaceutical Co., Ltd.	The director of the Company has the power to exercise significant influence over this company
Hangzhou Tongtai Culture Communication Co., Ltd.	A close member of the director of the Company has control over this company

(b) Transactions with the related party

The Group had the following transactions with the related parties during the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of services	390	1,035	1,035	551
Purchases of goods	—	7	7	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(c) Compensation of key management personnel

	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	3,773	5,122	1,795	3,526
Performance related bonuses	3,516	4,705	1,602	6,787
Share-based payment expense	—	80,553	—	—
Pension scheme contributions	227	276	121	169
Total	<u>7,516</u>	<u>90,656</u>	<u>3,518</u>	<u>10,482</u>

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

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30. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at 31 December 2024	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	–	79	79
Financial assets at FVTPL	40,074	–	40,074
Restricted bank deposits	–	8,554	8,554
Cash and cash equivalents	–	68,724	68,724
Total	40,074	77,357	117,431

As at 31 December 2025	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	–	447	447
Financial assets at FVTPL	80,247	–	80,247
Restricted bank deposits	–	9,677	9,677
Cash and cash equivalents	–	190,321	190,321
Total	80,247	200,445	280,692

As at 30 June 2026	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, other receivables and other assets	–	542	542
Financial assets at FVTPL	85,495	–	85,495
Restricted bank deposits	–	9,677	9,677
Cash and cash equivalents	–	97,525	97,525
Total	85,495	107,744	193,239

Financial liabilities

As at 31 December 2024	Financial assets at FVTPL	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	–	5,749	5,749
Redemption liabilities on equity shares	556,135	–	556,135
Financial liabilities included in other payables and accruals	–	2,270	2,270
Total	556,135	8,019	564,154

As at 31 December 2025	Financial liabilities at FVTPL	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	–	5,247	5,247
Redemption liabilities on equity shares	954,648	–	954,648
Financial liabilities included in other payables and accruals	–	18,284	18,284
Total	954,648	23,531	978,179

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As at 30 June 2026	Financial liabilities at FVTPL	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade payables	–	5,694	5,694
Redemption liabilities on equity shares	965,323	–	965,323
Financial liabilities included in other payables and accruals	–	18,101	18,101
Total	<u>965,323</u>	<u>23,795</u>	<u>989,118</u>

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, current portion of financial assets included in prepayments, other receivables and other assets, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the maturities of these instruments.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, 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 financial assets at FVTPL, which represent wealth management products issued by banks. The fair values are estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the redemption liabilities on equity shares measured at FVTPL are determined using the back-solve method. Further details are set out in note 21 to the Historical Financial Information.

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024:				
Wealth management products, at fair value	–	40,074	–	40,074
As at 31 December 2025:				
Wealth management products, at fair value	–	80,247	–	80,247
As at 30 June 2026:				
Wealth management products, at fair value	–	85,495	–	85,495

Liabilities measured at fair value:

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024:				
Redemption liabilities on equity shares	–	–	556,135	556,135

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	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2025:				
Redemption liabilities on equity shares	–	–	954,648	954,648
	=	=	=	=
As at 30 June 2026:				
Redemption liabilities on equity shares	–	–	965,323	965,323
	=	=	=	=

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

Below is summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

Significant unobservable inputs	Sensitivity	Sensitivity of fair value to the inputs		
		31 December 2024	31 December 2025	30 June 2026
		RMB’000 (Decrease)/increase	RMB’000 (Decrease)/increase	RMB’000 (Decrease)/increase
Risk-free interest rate	1% increase	(8,570)	(6,176)	(4,638)
Risk-free interest rate	1% decrease	9,178	6,439	4,667
DLOM	5% increase	(29,988)	(51,428)	(50,769)
DLOM	5% decrease	29,988	51,428	50,769
Volatility	5% increase	(7,604)	(3,538)	(1,640)
Volatility	5% decrease	8,166	936	(455)

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise cash and cash equivalents, restricted bank deposits and financial assets at FVTPL and redemption liabilities on equity shares. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The senior management reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

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

The Group’s exposure to credit risk arising from cash and cash equivalents and restricted bank deposits is limited and remote because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have immaterial credit risk.

Management has assessed that during the Relevant Periods, other receivables did not have a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default events within 12 months of each reporting date is adopted by management.

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.

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

31 December 2024			
	On demand or within 1 year	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	5,749	—	5,749
Financial liabilities included in other payables and accruals	2,270	—	2,270
Redemption liabilities on equity shares . .	593,449	—	593,449
Lease liabilities	1,135	—	1,135
Total	<u>602,603</u>	<u>—</u>	<u>602,603</u>

31 December 2025			
	On demand or within 1 year	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	5,247	—	5,247
Financial liabilities included in other payables and accruals	17,053	1,231	18,284
Redemption liabilities on equity shares . .	931,811	—	931,811
Total	<u>954,111</u>	<u>1,231</u>	<u>955,342</u>

30 June 2026			
	On demand or within 1 year	1 to 5 years	Total
	RMB’000	RMB’000	RMB’000
Trade payables	5,694	—	5,694
Financial liabilities included in other payables and accruals	16,380	1,721	18,101
Redemption liabilities on equity shares . .	963,232	—	963,232
Lease liabilities	1,290	3,166	4,456
Total	<u>986,596</u>	<u>4,887</u>	<u>991,483</u>

Capital management

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

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

33. EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2026.

34. SUBSEQUENT FINANCIAL STATEMENTS

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