

**GENFLEET THERAPEUTICS (SHANGHAI) INC.**  
**(Established in Chinese Mainland)**

**Audited Financial Statements**

**For the years ended 31 December 2023 and 2024 and four months ended 30 April 2024 and 2025**

# **GENFLEET THERAPEUTICS (SHANGHAI) INC.**

## **CONTENTS**

|  | Pages |
|--|-------|
| INDEPENDENT AUDITOR’S REPORT   | 1-3   |
| AUDITED FINANCIAL STATEMENTS   |       |
| Consolidated statements of profit or loss and other comprehensive income | 4-5   |
| Consolidated statements of financial position                            | 6-7   |
| Consolidated statements of changes in equity                             | 8-11  |
| Consolidated statements of cash flows                                    | 12-13 |
| Statements of financial position of the company                          | 14    |
| Notes to financial statements  | 15-91 |

## **Independent auditor's report**

### **To the directors of GENFLEET THERAPEUTICS (SHANGHAI) INC.**

(Incorporated in People's Republic of China with limited liability)

## **Opinion**

We have audited the consolidated financial statements of GENFLEET THERAPEUTICS (SHANGHAI) INC. (the "Company") and its subsidiaries (together, the "Group") set out on pages 4 to 91, which comprise the consolidated statement of financial position as at 31 December 2023 and 2024 and 30 April 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for each of the years ended 31 December 2023 and 2024 and the four months ended 30 April 2025 (the "Relevant Periods"), and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and 2024 and 30 April 2025, and of its consolidated financial performance and its consolidated cash flows for the year/period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## **Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other matter**

Without modifying our opinion, we draw attention to the fact that the financial information for the four months ended 30 April 2024 (the "Interim Comparative Information") is unaudited.

## **Other information included in the Annual Report**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independent auditor's report (continued)**

### **To the directors of GENFLEET THERAPEUTICS (SHANGHAI) INC.**

(Incorporated in People's Republic of China with limited liability)

#### **Responsibilities of the directors for the financial statements**

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

**Independent auditor's report (continued)**

**To the directors of GENFLEET THERAPEUTICS (SHANGHAI) INC.**

(Incorporated in People's Republic of China with limited liability)

**Auditor's responsibilities for the audit of the financial statements(continued)**

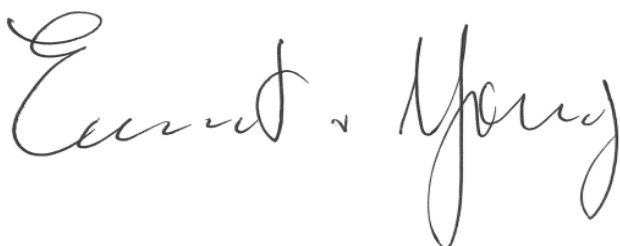
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Restriction on distribution and use**

These consolidated financial statements are prepared for the purpose of preparation of financial information for inclusion in the prospectus of the Company in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited and accordingly may not be suitable for another purpose.

Our report is intended solely for the information and use by the directors of the Company and should not be distributed to or used by parties other than the Company.

A handwritten signature in black ink, appearing to read "Ernst & Young", is written in a cursive style.

*Certified Public Accountants*

Hong Kong

11 September 2025

# **CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|  | Notes | Year ended 31 December |                  | Four months ended 30 April |                 |
|--|-------|------------------------|------------------|----------------------------|-----------------|
|  |       | 2023                   | 2024             | 2024                       | 2025            |
|  |       | RMB'000                | RMB'000          | RMB'000<br>(unaudited)     | RMB'000         |
| REVENUE  | 5     | 73,734                 | 104,703          | -                          | 82,149          |
| Cost of sales  |       | (684)                  | (20,095)         | -                          | (8,693)         |
| Gross profit   |       | 73,050                 | 84,608           | -                          | 73,456          |
| Other income and gains   | 6     | 39,964                 | 28,531           | 6,534                      | 6,122           |
| Research and development costs   |       | (312,738)              | (332,124)        | (142,262)                  | (69,818)        |
| Administrative expenses  |       | (49,946)               | (58,081)         | (13,881)                   | (23,684)        |
| Other expenses   | 8     | (176)                  | (10)             | (2)                        | (3)             |
| Finance costs  | 7     | (1,485)                | (17,963)         | (13,615)                   | (2,005)         |
| <b>Loss before change in fair value of redemption liabilities on equity shares</b>                     |       | <b>(251,331)</b>       | <b>(295,039)</b> | <b>(163,226)</b>           | <b>(15,932)</b> |
| Change in fair value of redemption liabilities on equity shares  | 25    | (256,993)              | (382,602)        | (241,461)                  | (50,692)        |
| <b>LOSS BEFORE TAX</b>   | 9     | <b>(508,324)</b>       | <b>(677,641)</b> | <b>(404,687)</b>           | <b>(66,624)</b> |
| Income tax expense   | 12    | -                      | -                | -                          | -               |
| <b>LOSS FOR THE YEAR/PERIOD</b>  |       | <b>(508,324)</b>       | <b>(677,641)</b> | <b>(404,687)</b>           | <b>(66,624)</b> |
| Attributable to:   |       |                        |                  |                            |                 |
| Owners of the parent   |       | (508,324)              | (677,641)        | (404,687)                  | (66,624)        |
| OTHER COMPREHENSIVE INCOME/(EXPENSE)   |       |                        |                  |                            |                 |
| Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods: |       |                        |                  |                            |                 |
| Exchange differences on translation of foreign operations  |       | 734                    | (1,111)          | (624)                      | 470             |
| OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR/PERIOD   |       | 734                    | (1,111)          | (624)                      | 470             |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD</b>  |       | <b>(507,590)</b>       | <b>(678,752)</b> | <b>(405,311)</b>           | <b>(66,154)</b> |

# **CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)**

|  | Notes | Year ended 31 December |                  | Four months ended 30 April |                 |
|--|-------|------------------------|------------------|----------------------------|-----------------|
|  |       | 2023                   | 2024             | 2024                       | 2025            |
|  |       | RMB'000                | RMB'000          | RMB'000<br>(unaudited)     | RMB'000         |
| Attributable to:   |       |                        |                  |                            |                 |
| Owners of the Company  |       | <u>(507,590)</u>       | <u>(678,752)</u> | <u>(405,311)</u>           | <u>(66,154)</u> |
| LOSS PER SHARE ATTRIBUTABLE TO<br>ORDINARY EQUITY HOLDERS OF THE<br>COMPANY (expressed in RMB) |       |                        |                  |                            |                 |
| Basic and diluted  | 14    | <u>(23.08)</u>         | <u>(26.20)</u>   | <u>(16.86)</u>             | <u>(2.49)</u>   |

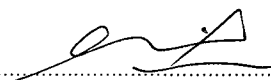
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|   | Notes | As at<br>31 December<br>2023<br>RMB'000 | As at<br>31 December<br>2024<br>RMB'000 | As at<br>30 April<br>2025<br>RMB'000 |
|---|-------|---|---|--------------------------------------|
| <b>NON-CURRENT ASSETS</b>                       |       |   |   |                                      |
| Property, plant and equipment                   | 15    | 20,601                                  | 12,328                                  | 10,325                               |
| Right-of-use assets                             | 16    | 23,361                                  | 15,412                                  | 14,212                               |
| Intangible assets                               | 17    | 1,401                                   | 1,257                                   | 1,198                                |
| Prepayments, other receivables and other assets | 19    | 8,275                                   | 9,576                                   | 9,730                                |
| Time deposits                                   | 20    | 31,752                                  | -                                       | -                                    |
| <b>Total non-current assets</b>                 |       | <b>85,390</b>                           | <b>38,573</b>                           | <b>35,465</b>                        |
| <b>CURRENT ASSETS</b>                           |       |   |   |                                      |
| Inventories                                     |       | 2,058                                   | 5,586                                   | 918                                  |
| Trade receivables                               | 18    | 72,353                                  | 109,153                                 | 97,518                               |
| Prepayments, other receivables and other assets | 19    | 44,136                                  | 58,594                                  | 56,013                               |
| Time deposits                                   | 20    | -                                       | 32,790                                  | -                                    |
| Cash and cash equivalents                       | 20    | 332,197                                 | 362,125                                 | 390,766                              |
| <b>Total current assets</b>                     |       | <b>450,744</b>                          | <b>568,248</b>                          | <b>545,215</b>                       |
| <b>CURRENT LIABILITIES</b>                      |       |   |   |                                      |
| Trade and other payables                        | 21    | 82,847                                  | 181,733                                 | 159,406                              |
| Interest-bearing bank borrowings                | 22    | 5,312                                   | 51,128                                  | 85,117                               |
| Contract liabilities                            | 24    | 101,914                                 | 42,204                                  | 12,348                               |
| Redemption liabilities on equity shares         | 25    | 1,636,508                               | 2,214,121                               | 2,264,813                            |
| Lease liabilities                               | 16    | 5,526                                   | 4,243                                   | 3,345                                |
| <b>Total current liabilities</b>                |       | <b>1,832,107</b>                        | <b>2,493,429</b>                        | <b>2,525,029</b>                     |
| <b>NET CURRENT LIABILITIES</b>                  |       | <b>(1,381,363)</b>                      | <b>(1,925,181)</b>                      | <b>(1,979,814)</b>                   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    |       | <b>(1,295,973)</b>                      | <b>(1,886,608)</b>                      | <b>(1,944,349)</b>                   |
| <b>NON-CURRENT LIABILITIES</b>                  |       |   |   |                                      |
| Lease liabilities                               | 16    | 20,835                                  | 13,977                                  | 12,861                               |
| Deferred income                                 | 23    | 503                                     | -                                       | -                                    |
| Trade and other payables                        | 21    | -                                       | 55,676                                  | 56,429                               |
| <b>Total non-current liabilities</b>            |       | <b>21,338</b>                           | <b>69,653</b>                           | <b>69,290</b>                        |
| <b>Net liabilities</b>                          |       | <b>(1,317,311)</b>                      | <b>(1,956,261)</b>                      | <b>(2,013,639)</b>                   |



# **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**

|   | Notes | As at<br>31 December<br>2023<br>RMB'000 | As at<br>31 December<br>2024<br>RMB'000 | As at<br>30 April<br>2025<br>RMB'000 |
|---|-------|---|---|--------------------------------------|
| <b>DEFICIENCY IN EQUITY</b>                         |       |   |   |                                      |
| <b>Equity attributable to owners of the Company</b> |       |   |   |                                      |
| Paid-in capital/Share capital                       | 27    | 22,027                                  | 26,774                                  | 26,774                               |
| Reserves  | 28    | <u>(1,339,338)</u>                      | <u>(1,983,035)</u>                      | <u>(2,040,413)</u>                   |
| Controlling interests                               |       | <u>(1,317,311)</u>                      | <u>(1,956,261)</u>                      | <u>(2,013,639)</u>                   |
| <b>Net deficits</b>                                 |       | <u>(1,317,311)</u>                      | <u>(1,956,261)</u>                      | <u>(2,013,639)</u>                   |

  
 .....  
 Name of director  
 Director

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

|   | Paid-in capital<br>RMB'000 | Share premium<br>RMB'000 | Share-based<br>payment reserve<br>RMB'000 | Other reserves<br>RMB'000 | Foreign currency<br>translation reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Net deficits<br>RMB'000 |
|---|----------------------------|--------------------------|---|---------------------------|--|----------------------------------|-------------------------|
| At 1 January 2023                             | 22,027                     | 1,246,080                | 1,555                                     | (1,264,082)               | (1,098)  | (851,171)                        | (846,689)               |
| Exchange translation<br>differences           | -                          | -                        | -   | -                         | 734  | -                                | 734                     |
| Loss for the year                             | -                          | -                        | -   | -                         | -  | (508,324)                        | (508,324)               |
| Total comprehensive loss for<br>the year      | -                          | -                        | -   | -                         | 734  | (508,324)                        | (507,590)               |
| Share-based payment<br>compensation (note 29) | -                          | -                        | 36,968                                    | -                         | -  | -                                | 36,968                  |
| At 31 December 2023                           | <u>22,027</u>              | <u>1,246,080</u>         | <u>38,523</u>                             | <u>(1,264,082)</u>        | <u>(364)</u>                                       | <u>(1,359,495)</u>               | <u>(1,317,311)</u>      |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

|  | Paid-in capital/<br>Share capital<br>RMB'000 | Share premium<br>RMB'000 | Share-based<br>payment reserve<br>RMB'000 | Other reserves<br>RMB'000 | Foreign currency<br>translation reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Net deficits<br>RMB'000 |
|--|--|--------------------------|---|---------------------------|--|----------------------------------|-------------------------|
| At 1 January 2024  | 22,027                                       | 1,246,080                | 38,523                                    | (1,264,082)               | (364)  | (1,359,495)                      | (1,317,311)             |
| Exchange translation<br>differences                                    | -  | -                        | -   | -                         | (1,111)  | -                                | (1,111)                 |
| Loss for the year  | -  | -                        | -   | -                         | -  | (677,641)                        | (677,641)               |
| Total comprehensive loss for<br>the year                               | -  | -                        | -   | -                         | (1,111)  | (677,641)                        | (678,752)               |
| Issue of new shares (note 27)  | 2,648  | 193,338                  | -   | -                         | -  | -                                | 195,986                 |
| Capital contributions from<br>employee incentive<br>platform (note 27) | 2,099  | 9,786                    | -   | -                         | -  | -                                | 11,885                  |
| Conversion into a joint stock<br>company<br>("Capitalisation Issue")   | -  | (734,351)                | -   | -                         | -  | 734,351                          | -                       |
| Recognition of redemption<br>liabilities on equity shares<br>(note 25) | -  | -                        | -   | (195,011)                 | -  | -                                | (195,011)               |
| Share-based payment<br>compensation (note 29)                          | -  | -                        | 26,942                                    | -                         | -  | -                                | 26,942                  |
| At 31 December 2024  | <u>26,774</u>                                | <u>714,853</u>           | <u>65,465</u>                             | <u>(1,459,093)</u>        | <u>(1,475)</u>                                     | <u>(1,302,785)</u>               | <u>(1,956,261)</u>      |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Four months ended 30 April 2024

|  | Paid-in capital<br>RMB'000 | Share premium<br>RMB'000 | Share-based<br>payment reserve<br>RMB'000 | Other reserves<br>RMB'000 | Foreign currency<br>translation reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Net deficits<br>RMB'000 |
|--|----------------------------|--------------------------|---|---------------------------|--|----------------------------------|-------------------------|
| At 1 January 2024  | 22,027                     | 1,246,080                | 38,523                                    | (1,264,082)               | (364)  | (1,359,495)                      | (1,317,311)             |
| Exchange translation<br>differences                                    | -                          | -                        | -   | -                         | (624)  | -                                | (624)                   |
| Loss for the period  | -                          | -                        | -   | -                         | -  | (404,687)                        | (404,687)               |
| Total comprehensive loss for<br>the period                             | -                          | -                        | -   | -                         | (624)  | (404,687)                        | (405,311)               |
| Issue of new shares (note 27)  | 2,648                      | 193,338                  | -   | -                         | -  | -                                | 195,986                 |
| Capital contributions from<br>employee incentive<br>platform (note 27) | 2,099                      | 9,786                    | -   | -                         | -  | -                                | 11,885                  |
| Recognition of redemption<br>liabilities on equity shares<br>(note 25) | -                          | -                        | -   | (195,011)                 | -  | -                                | (195,011)               |
| Share-based payment<br>compensation (note 29)                          | -                          | -                        | 9,584                                     | -                         | -  | -                                | 9,584                   |
| At 30 April 2024   | <u>26,774</u>              | <u>1,449,204</u>         | <u>48,107</u>                             | <u>(1,459,093)</u>        | <u>(988)</u>                                       | <u>(1,764,182)</u>               | <u>(1,700,178)</u>      |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Four months ended 30 April 2025

|   | Share capital<br>RMB'000 | Share premium<br>RMB'000 | Share-based<br>payment reserve<br>RMB'000 | Other reserves<br>RMB'000 | Foreign currency<br>translation reserve<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Net deficits<br>RMB'000 |
|---|--------------------------|--------------------------|---|---------------------------|--|----------------------------------|-------------------------|
| At 1 January 2025                             | 26,774                   | 714,853                  | 65,465                                    | (1,459,093)               | (1,475)  | (1,302,785)                      | (1,956,261)             |
| Exchange translation<br>differences           | -                        | -                        | -   | -                         | 470  | -                                | 470                     |
| Loss for the period                           | -                        | -                        | -   | -                         | -  | (66,624)                         | (66,624)                |
| Total comprehensive loss for<br>the period    | -                        | -                        | -   | -                         | 470  | (66,624)                         | (66,154)                |
| Share-based payment<br>compensation (note 29) | -                        | -                        | 8,776                                     | -                         | -  | -                                | 8,776                   |
| At 30 April 2025                              | <u>26,774</u>            | <u>714,853</u>           | <u>74,241</u>                             | <u>(1,459,093)</u>        | <u>(1,005)</u>                                     | <u>(1,369,409)</u>               | <u>(2,013,639)</u>      |

## CONSOLIDATED STATEMENTS OF CASH FLOWS

|  | Notes | Year ended 31 December |           | Four months ended 30 April |          |
|--|-------|------------------------|-----------|----------------------------|----------|
|  |       | 2023                   | 2024      | 2024                       | 2025     |
|  |       | RMB'000                | RMB'000   | RMB'000                    | RMB'000  |
|  |       |                        |           | (unaudited)                |          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                        |           |                            |          |
| Loss before tax  |       | (508,324)              | (677,641) | (404,687)                  | (66,624) |
| Adjustments for:   |       |                        |           |                            |          |
| Finance cost   | 7     | 1,485                  | 17,963    | 13,615                     | 2,005    |
| Bank interest income   | 6     | (10,767)               | (17,228)  | (4,186)                    | (4,986)  |
| Amortisation of other intangible assets  | 17    | 186                    | 176       | 58                         | 59       |
| Depreciation of property, plant and equipment  | 15    | 11,502                 | 8,496     | 3,012                      | 2,011    |
| Depreciation of right-of-use assets  | 16    | 6,167                  | 5,440     | 1,814                      | 1,373    |
| Share-based payment compensation   | 29    | 36,968                 | 26,942    | 9,584                      | 8,776    |
| Fair value loss on redemption liabilities on equity shares                                 | 25    | 256,993                | 382,602   | 241,461                    | 50,692   |
| Loss on the disposal of property, plant and equipment                                      | 8     | 137                    | 9         | 2                          | 3        |
| Gain on lease reassessment   | 6     | -                      | (488)     | (488)                      | -        |
| Fair value gains on financial assets at FVTPL  | 6     | (3,587)                | (402)     | (222)                      | -        |
| Net exchange difference  | 6     | (3,818)                | (3,539)   | (959)                      | (894)    |
| (Increase)/decrease in trade receivables   |       | (32,945)               | (36,800)  | 574                        | 11,635   |
| Decrease/(increase) in inventories   |       | 544                    | (3,528)   | 596                        | 4,668    |
| Decrease/(increase) in prepayments, other receivables and other assets                     |       | 14,690                 | (12,637)  | (6,905)                    | 3,979    |
| Increase/(decrease) in contract liabilities  |       | 14,361                 | (59,710)  | (87,554)                   | (29,856) |
| Decrease in deferred income  |       | (3,148)                | (503)     | (450)                      | -        |
| Increase/(decrease) in trade and other payables  |       | 7,764                  | 148,582   | 94,351                     | (21,511) |
| Cash used in operating activities  |       | (211,792)              | (222,266) | (140,384)                  | (38,670) |
| Interest received  |       | 9,732                  | 15,866    | 3,439                      | 4,625    |
| Net cash flows used in operating activities  |       | (202,060)              | (206,400) | (136,945)                  | (34,045) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                        |           |                            |          |
| Purchases of items of property, plant and equipment  |       | (594)                  | (236)     | (5)                        | (11)     |
| Purchases for other intangible assets  |       | -                      | (32)      | -                          | -        |
| Purchases of financial assets at FVTPL   |       | (480,000)              | (170,000) | (110,000)                  | -        |
| Withdrawal of financial assets at FVTPL  |       | 744,024                | 170,402   | 90,222                     | -        |
| Proceeds from disposal of property, plant and equipment                                    |       | 13                     | 4         | 4                          | -        |
| Proceeds from withdrawal of time deposits with original maturity of more than three months |       | -                      | 124,560   | 16,290                     | 33,151   |
| Purchases of time deposits with original maturity of more than three months                |       | -                      | (123,968) | (119,227)                  | -        |
| Net cash flows generated from/(used in) investing activities                               |       | 263,443                | 730       | (122,716)                  | 33,140   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                        |           |                            |          |
| New bank borrowings  |       | 5,312                  | 56,928    | 5,800                      | 54,900   |
| Repayment of bank borrowings   |       | (22,767)               | (11,112)  | -                          | (21,128) |
| Interest paid on bank borrowings   |       | (119)                  | (877)     | (52)                       | (401)    |
| Principal portion of lease payments  |       | (5,402)                | (5,144)   | (1,627)                    | (2,187)  |
| Interest paid for lease liabilities  |       | (1,366)                | (1,112)   | (389)                      | (271)    |
| Proceeds on issue of shares  |       | -                      | 207,871   | 207,871                    | -        |
| Payment of listing expenses  |       | -                      | (1,276)   | -                          | (2,731)  |
| Issued costs paid  |       | (4,717)                | (11,840)  | (6,698)                    | -        |
| Net cash flows (used in)/from financing activities   |       | (29,059)               | 233,438   | 204,905                    | 28,182   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                |       |                        |           |                            |          |
|  |       | 32,324                 | 27,768    | (54,756)                   | 27,277   |
| Cash and cash equivalents at beginning of year/period                                      |       | 295,321                | 332,197   | 332,197                    | 362,125  |
| Effect of foreign exchange rate changes, net   |       | 4,552                  | 2,160     | 585                        | 1,364    |
| CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD  | 20    | 332,197                | 362,125   | 278,026                    | 390,766  |

## CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

|  | Notes | Year ended 31 December |         | Four months ended 30 April |         |
|--|-------|------------------------|---------|----------------------------|---------|
|  |       | 2023                   | 2024    | 2024                       | 2025    |
|  |       | RMB'000                | RMB'000 | RMB'000                    | RMB'000 |
|  |       |                        |         | (unaudited)                |         |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS  |       |                        |         |                            |         |
| Cash and bank balances   |       | 332,197                | 255,226 | 278,026                    | 308,644 |
| Non-pledged time deposits with original maturity of less than three months when acquired |       | -                      | 106,899 | -                          | 82,122  |
| Cash and cash equivalents as stated in the statement of cash flows                       |       | 332,197                | 362,125 | 278,026                    | 390,766 |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

|   | Notes | As at<br>31 December<br>2023<br>RMB'000 | As at<br>31 December<br>2024<br>RMB'000 | As at<br>30 April<br>2025<br>RMB'000 |
|---|-------|---|---|--------------------------------------|
| <b>NON-CURRENT ASSETS</b>                       |       |   |   |                                      |
| Property, plant and equipment                   | 15    | 18,080                                  | 10,866                                  | 9,096                                |
| Intangible assets                               | 17    | 1,401                                   | 1,257                                   | 1,198                                |
| Right-of-use assets                             | 16    | 23,286                                  | 15,412                                  | 14,072                               |
| Investments in subsidiaries                     | 30    | 303,526                                 | 398,352                                 | 411,740                              |
| Prepayments, other receivables and other assets | 19    | 1,640                                   | 1,711                                   | 1,713                                |
| Amounts due from subsidiaries                   |       | 152,490                                 | 199,491                                 | 206,990                              |
| Time deposits                                   | 20    | 31,752                                  | -                                       | -                                    |
| Total non-current assets                        |       | 532,175                                 | 627,089                                 | 644,809                              |
| <b>CURRENT ASSETS</b>                           |       |   |   |                                      |
| Inventories                                     |       | 1,677                                   | 5,586                                   | 918                                  |
| Trade receivables                               | 18    | 72,353                                  | 109,153                                 | 97,518                               |
| Prepayments, other receivables and other assets | 19    | 9,626                                   | 39,081                                  | 35,117                               |
| Time deposits                                   | 20    | -                                       | 32,790                                  | -                                    |
| Cash and cash equivalents                       | 20    | 241,962                                 | 313,454                                 | 361,804                              |
| Total current assets                            |       | 325,618                                 | 500,064                                 | 495,357                              |
| <b>CURRENT LIABILITIES</b>                      |       |   |   |                                      |
| Interest-bearing bank borrowings                | 22    | 5,312                                   | 51,128                                  | 85,117                               |
| Trade and other payables                        | 21    | 60,410                                  | 166,859                                 | 156,003                              |
| Amounts due to subsidiaries                     |       | 1,548                                   | 96,548                                  | 101,048                              |
| Contract liabilities                            | 24    | 101,914                                 | 42,204                                  | 12,348                               |
| Redemption liabilities on equity shares         | 25    | 1,636,508                               | 2,214,121                               | 2,264,813                            |
| Lease liabilities                               | 16    | 5,499                                   | 4,243                                   | 3,171                                |
| Total current liabilities                       |       | 1,811,191                               | 2,575,103                               | 2,622,500                            |
| NET CURRENT LIABILITIES                         |       | (1,485,573)                             | (2,075,039)                             | (2,127,143)                          |
| TOTAL ASSETS LESS CURRENT LIABILITIES           |       | (953,398)                               | (1,447,950)                             | (1,482,334)                          |
| <b>NON-CURRENT LIABILITIES</b>                  |       |   |   |                                      |
| Lease liabilities                               | 16    | 20,835                                  | 13,977                                  | 12,861                               |
| Deferred income                                 |       | 503                                     | -                                       | -                                    |
| Trade and other payables                        | 21    | -                                       | 55,676                                  | 56,429                               |
| Total non-current liabilities                   |       | 21,338                                  | 69,653                                  | 69,290                               |
| Net liabilities                                 |       | (974,736)                               | (1,517,603)                             | (1,551,624)                          |
| <b>EQUITY</b>                                   |       |   |   |                                      |
| Paid-in capital/Share capital                   |       | 22,027                                  | 26,774                                  | 26,774                               |
| Reserves  | 28    | (996,763)                               | (1,544,377)                             | (1,578,398)                          |
| Net deficits                                    |       | (974,736)                               | (1,517,603)                             | (1,551,624)                          |



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS

31 December 2023 and 2024 and 30 April 2025

### 1. CORPORATE AND GROUP INFORMATION

GENFLEET THERAPEUTICS (SHANGHAI) INC. (the “Company”) was established in Mainland China on 23 August 2017. The registered office address of the Company is 2, 3, 4 and 5 floor, Building 8, 1206 Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone, PRC.

The Company is a clinical-stage biotechnology company. The Company and its subsidiaries (the “Group”) are principally engaged in the research, development and commercialisation of pharmaceutical products.

As at the date of this report, 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 incorporation/<br>registration and<br>place of operations | Issued ordinary<br>share/registered<br>capital | Issued ordinary<br>share/registered<br>capital |          | Principal<br>activities  |
|--|---|--|--|----------|--|
|  |   |  | Direct   | Indirect |  |
| Zhejiang GenFleet Therapeutics Co., Ltd<br>(浙江勁方藥業有限公司)<br>* (note a)  | PRC/Mainland China<br>8 April 2018  | RMB60,000,000                                  | 100%   | -        | Research and development of innovative drugs                       |
| GenFleet Therapeutics (Hangzhou) Co., Ltd (勁方藥業(杭州)有限公司) *<br>(note a) | PRC/Mainland China<br>26 September 2023                                     | RMB50,000,000                                  | 100%   | -        | Technical services, technology development and production of drugs |
| GenFleet Therapeutics (Zhuhai) Co., Ltd (勁方藥業(珠海)有限公司) *<br>(note a)   | PRC/Mainland China<br>1 November 2023                                       | RMB50,000,000                                  | 100%   | -        | Technical services, technology development and production of drugs |
| GENFLEET THERAPEUTICS INC.<br>(note a)                                 | United States<br>13 April 2020  | United States Dollars(“USD”) 15,000,000        | 100%   | -        | Research and development of innovative drugs                       |
| GENFLEET THERAPEUTICS (AUSTRALIA) PTY LTD<br>(note a)                  | Australia<br>15 July 2020   | AUD100   | 100%   | -        | Research and development of innovative drugs                       |

\*These entities are limited liability enterprises established under the PRC law. The English names of these entities represent the best effort made by the directors of the Company, as they had not been registered with official English names.

Note:

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

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2023 and 2024 and 30 April 2025

### 2.1 BASIS OF PREPARATION

These financial statements has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the financial statements throughout the Relevant Periods.

These financial statements have been prepared under the historical cost convention, except for Redemption liabilities on equity shares which have been measured at fair value. These financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The Group incurred losses continually during the Relevant Periods due to the pre-revenue stage of its new drug research and development businesses. The Group recorded net current liabilities of RMB1,979,814,000 as at 30 April 2025, primarily due to the significant amount of the redemption liabilities on equity shares of RMB2,264,813,000 arising from the financing with redemption feature from pre-IPO investors. Pursuant to a supplemental agreement entered into by the Company with, among others, the then shareholders of the Company dated 26 December 2024, the redemption feature has ceased to be effective from the date before the submission of application for an initial public offering on the Main Board of the Stock Exchange (the “Listing”) and shall be reinstated in the event where (i) the application of the Listing not being accepted (including being rejected or returned); (ii) the Company withdrawing its application of the Listing; (iii) the Company failing to complete the Listing within two years after date of the Listing Application; or (iv) the listing committee of the Stock Exchange not approving the application of the Listing. In this regard, the directors of the Company are of the opinion that the Company is not obligated to settle the redemption liabilities in next twelve months from 30 April 2025.

The directors of the Company further assessed whether the Group have sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group. The Company has prudently prepared a full-speed budget based for clinical trials of its core products and other pipelines for 2025 assuming the Company is able to raise proceeds from the listing as well as a backbone budget plan to advance all necessary R&D activities for its core products assuming the Company is unable to raise proceeds from the Listing. Based on the rigorous review of the budget under either full-speed or backbone scenario, the directors of the Company are satisfied that the Group would have sufficient working capital to meet its present obligations, taking into account the financial resources available to the Group for next twelve months from 30 April 2025.

Accordingly, the directors of the Company concluded that it is appropriate to prepare the financial statements on a going concern basis.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.1 BASIS OF PREPARATION (continued)

#### Basis of consolidation

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

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 periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

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

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

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

## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements.

|  |  |
|--|--|
| IFRS 18  | <i>Presentation and Disclosure in Financial Statements<sup>2</sup></i>                                   |
| IFRS 19  | <i>Subsidiaries without Public Accountability: Disclosures<sup>2</sup></i>                               |
| Amendments to IFRS 9 and IFRS 7                              | <i>Amendments to the Classification and Measurement of Financial Instruments<sup>1</sup></i>             |
| Amendments to IFRS 10 and IAS 28                             | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>3</sup></i> |
| Amendments to IFRS 9 and IFRS 7                              | <i>Contracts Referencing Nature-dependent Electricity</i>  |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | <i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7<sup>1</sup></i>                               |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows. Except for IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES

#### Fair value measurement

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statement 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 the reporting periods.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### 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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Property, plant and equipment and depreciation

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

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

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

|                               |   |
|-------------------------------|---|
| Computer and office equipment | 19% to 32%  |
| Machinery and equipment       | 19%   |
| Motor vehicles                | 19%   |
| 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 the end of the reporting periods.

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.

#### Intangible assets (other than goodwill)

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

|          |          |
|----------|----------|
| Software | 10 years |
|----------|----------|

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years. The estimated useful life of 10 years for software is determined by considering the period of the economic benefits to the Group as well as by referring to the industry practice.

#### Research and development costs

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

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

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### 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

2 to 10 years

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

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

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

The Group's lease liabilities are presented in a separate line on the consolidated statements of financial position.



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Leases (continued)

##### *Group as a lessee(continued)*

#### (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 IFRS 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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Investments and other financial assets (continued)

##### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

##### *Financial assets at fair value through profit or loss*

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

#### Derecognition of financial assets

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

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

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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Impairment of financial assets (continued)

##### *General approach*

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

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

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

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 except for trade receivables which apply the simplified approach as detailed below.

Stage1 - 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.

Stage2 - 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.

Stage3 - 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.

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a general matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### 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, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, interest-bearing bank borrowings 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*

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

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

##### *Financial liabilities measured at FVTPL*

Financial liabilities measured at FVTPL 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 IFRS 9 are satisfied. Gains or losses on liabilities designated at FVTPL are recognised in 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 profit or loss. The net fair value gain or loss recognised in the profit or loss does not include any interest charged on these financial liabilities.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### 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.

#### Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis or on a weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### 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.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

If Group has a contract that is onerous, the present obligation under the contract will be recognised and measured as a provision.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### 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 periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

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

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

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Income tax (continued)

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

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

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

#### Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

#### Revenue recognition

##### *Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer 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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

##### *Revenue from contracts with customers* (continued)

The Group's revenue is generated from the collaboration agreements with Innovent Biologics, Inc. and SELLAS Life Sciences Group, Inc., which generally contain multiple performance obligations including (1) grants of licenses to intellectual property rights and (2) the research and development services.

##### *Collaboration revenue*

At contract inception, the Group analyses the collaboration arrangements to assess whether they are within the scope of IFRS 11 Joint Arrangements to determine whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and are exposed to significant risks and rewards dependent on the commercial success of such activities. After Group's assessment, no collaboration arrangement was within the scope of IFRS11 Joint Arrangements during the Relevant Periods.

In determining the appropriate amount of revenue to be recognised as the Group fulfils its obligations under each of the collaboration agreements, the management of the Company perform the five-step model under IFRS 15. The collaboration arrangements may contain more than one unit of account or performance obligation, including grants of licenses to intellectual property rights (the "Licenses"), agreements to provide research and development services and other deliverables. The collaborative arrangements typically do not include a right of return for any deliverable. In general, the consideration allocated to each performance obligation is recognised when the obligation is satisfied either by delivering a good or rendering a service, limited to the consideration that is not constrained. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

##### *(a) Licenses of intellectual property*

Upfront non-refundable payments for Licenses are evaluated to determine if they are distinct from the other performance obligations identified in the arrangements. For the Licenses determined to be distinct, the Group recognises revenues from non-refundable up-front fees allocated to the licenses at a point in time, when the Licenses are transferred to the licensee and the licensee is able to use and benefit from the Licenses.

##### *Milestone payments*

At the inception of each arrangement that includes development milestone payments and commercial milestone payments, the management of the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestones related to development-based activities may include initiation of various phases of clinical trials. Due to the uncertainty involved in meeting these development-based targets, they are generally fully constrained at contract inception. The management of the Company assesses whether the variable consideration is fully constrained for each reporting period based on the facts and circumstances surrounding the clinical trials. Upon changes to constraint associated with the developmental milestones, variable consideration is included in the transaction price when a significant reversal of revenue recognised is not expected to occur and allocated to the separate performance obligations. Due to the inherent uncertainty with the approval process, regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved. Regulatory milestones are included in the transaction price in the period regulatory approval is obtained.



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Revenue recognition (continued)

##### *Revenue from contracts with customers* (continued)

##### *Collaboration revenue* (continued)

##### *(a) Licenses of intellectual property* (continued)

##### *Royalties*

For arrangements that include sales-based royalties, the Group recognises revenue when the related sales occur.

##### *(b) Research and development services*

The Group provides a customer with a project team of scientists and technical staff dedicated to the customer's studies for a specific period of time and charges the customer at a fixed rate per employee and the Group has assessed that the customer simultaneously receives and consumes benefit provided by the Group's performances. Therefore, the performance obligation of research and development services is satisfied over time and revenue is recognised over the service period.

##### *(c) Drug supply manufacturing services*

The Group provides drug supply manufacturing services to customers and the Group recognises revenue at point in time when such services are rendered. The drug supply manufacturing services revenue is recognised on a net basis as the Group is acting as an agent because the Group didn't obtain control of those drugs goods before they are transferred to the customers.

#### Other income

Bank 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).

#### Share-based payments

The Group operates restricted share units schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are set out in Note 29 to the financial statements.

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 the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Share-based payments (continued)

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 restricted shares unless there are also service and/or performance conditions.

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

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

#### Other employee benefits

##### *Pension schemes*

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China 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.

The subsidiary in the United States maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the US. These plans are defined contribution plans covering substantially all its qualifying employees of that subsidiary and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiaries in the US with respect to the retirement benefit plans is to make the specified contributions under the plans.

##### *Housing fund – Mainland China*

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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 2.3 MATERIAL ACCOUNTING POLICIES (continued)

#### Borrowing costs

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

#### Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting periods and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised In other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the reporting periods are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### Judgements

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

#### *Research and development costs*

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

#### Estimation uncertainty

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

#### *Leases – Estimating the incremental borrowing rate*

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

#### *Impairment of property, plant and equipment, intangible assets and right-of-use assets*

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of property, plant and equipment, intangible assets and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### *Impairment of property, plant and equipment, intangible assets and right-of-use assets(continued)*

Group assess whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, intangible assets and right-of-use assets) at the end of each period comprising the Relevant Periods by reviewing the internal and external sources of information.

As of 31 December 2023 and 2024 and 30 April 2025, no indicators of impairment for non-financial assets of the Group were identified, given that (i) non-financial assets of the Group were neither obsolete nor physically damaged, and (ii) Group actual losses incurred for the years ended 31 December 2023 and 2024 and the four months ended 30 April 2025 did not exceed the estimated losses for the same periods.

##### *Fair value of financial instruments*

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 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 2023 and 2024 and 30 April 2025 were RMB1,636,508,000, RMB2,214,121,000, and RMB2,264,813,000, respectively. Further details are set out in Note 25 to the financial statements.

##### *Recognition of income taxes and deferred tax assets*

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

##### *Share-based payment expenses*

The Group estimates the number of share awards contingently issuable when determining the share-based expenses, which depends on the achievement of certain non-market performance targets of the Group under the Employee Incentive Scheme (as defined in Note 29 to the financial statements). This requires an estimation of the performance targets to be achieved by the Group, including completion of public offering. The Group recorded RMB36,968,000, RMB26,942,000 and RMB8,776,000 share-based payment compensation expenses during the Relevant Periods.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 4. OPERATING SEGMENT INFORMATION

#### Operating segment information

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

#### Geographical information

##### (a) Revenue from external customers

|                | Year ended 31 December |                 | Four months ended 30 April     |                 |
|----------------|------------------------|-----------------|--------------------------------|-----------------|
|                | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Overseas       | 1,955                  | -               | -                              | 77,618          |
| Mainland China | 71,779                 | 104,703         | -                              | 4,531           |
| Total          | 73,734                 | 104,703         | -                              | 82,149          |

The revenue information above is based on the locations of headquarters of the Group's customers.

##### (b) Non-current assets

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

#### Information about major customers

Revenue from one customer (2023: two), which accounted for 100% of the Group's revenue during the year end 31 December 2024 and 2023, and revenue from two major customers which accounted for 99.73% of the Group's revenue during the four months ended 30 April 2025, is set out below:

|            | Year ended 31 December |                 | Four months ended 30 April     |                 |
|------------|------------------------|-----------------|--------------------------------|-----------------|
|            | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Customer A | 1,955                  | -               | -                              | -               |
| Customer B | 71,779                 | 104,703         | -                              | 4,310           |
| Customer C | -                      | -               | -                              | 77,618          |
| Total      | 73,734                 | 104,703         | -                              | 81,928          |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 5. REVENUE

An analysis of revenue is as follows:

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

| Type of services                  | Year ended 31 December |                 | Four months ended 30 April     |                 |
|-----------------------------------|------------------------|-----------------|--------------------------------|-----------------|
|                                   | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Licenses of intellectual property | 71,779                 | 90,035          | -                              | 80,742          |
| Sale of goods                     | -                      | 14,668          | -                              | 127             |
| Research and development services | 1,955                  | -               | -                              | 1,280           |
| Total                             | 73,734                 | 104,703         | -                              | 82,149          |

##### Timing of revenue recognition

|                                |        |         |   |        |
|--------------------------------|--------|---------|---|--------|
| Transferred at a point in time | 71,779 | 104,703 | - | 80,869 |
| Transferred overtime           | 1,955  | -       | - | 1,280  |
| Total                          | 73,734 | 104,703 | - | 82,149 |

##### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

##### License-out of GFH925

On 1 September 2021, the Group entered into a license and option agreement (the "GFH925 License Agreement") with Innovent Biologics, Inc. ("Innovent"). According to the GFH925 License Agreement, the Group grant to Innovent (i) an exclusive, royalty-bearing and sublicensable license to develop and commercialize GFH925 for the treatment, prevention or diagnosis of any disease in humans in Mainland China, Hong Kong, Macau and Taiwan (the "Greater China"); and (ii) an exclusive option (the "Ex-China Option") to develop and commercialize GFH925 in the all countries and regions in the world other than Greater China (the "Ex-China Territory").

In November 2021, Innovent paid the Group a one-time and non-refundable upfront payment of USD8,500,000 (equivalent to RMB55,126,000) for GFH925 license in Great China, and an ex-China Option payment of USD13,500,000 (equivalent to RMB87,553,000). The Group recognised collaboration revenue related to GFH925 of RMB55,126,000 during the year ended 31 December 2021 and recorded contract liability of RMB87,553,000 as of 31 December 2021.

In December 2022, Innovent paid the Group a development milestone payment of USD5,000,000 (equivalent to RMB35,884,000) for the first patient dosed in the first pivotal trial in Great China for the licensed product. According to the agreement of the development milestone payment, the Group recognised revenue of licenses of intellectual property related to GFH925 of RMB35,884,000 during the year ended 31 December 2022.

## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 5. REVENUE (continued)

An analysis of revenue is as follows: (continued)

##### Revenue from contracts with customers (continued)

##### (b) Performance obligations(continued)

##### License-out of GFH925 (continued)

In 2023, Innovent paid the Group a development milestone payment of USD10,000,000 (equivalent to RMB71,779,000) for the NDA filing completed in Great China for the first indication for the licensed products. According to the agreement of the development milestone payment, the Group recognised revenue of licenses of intellectual property related to GFH925 of RMB71,779,000 during the year ended 31 December 2023.

In January 2024, the Group entered into a supplementary agreement with Innovent to terminate the Ex-China Option under the GFH925 License Agreement. Subject to the terms and conditions of the agreement, the group is required to pay non-refundable termination fees of USD20,000,000 in instalments and certain revenue sharing payments to Innovent based on the annual net sales of GFH925 outside Great China. Following the termination, the Group took back Ex-China option and has the exclusive rights to develop and commercialize the licensed product and the licensed compounds for any indication in the Ex-China Territory. As of 30 April 2025, the Group had paid USD2,000,000 (equivalent to RMB14,165,000) to Innovent. The remaining USD18,000,000 will be paid by the Group to Innovent in instalments by 1 December 2026.

During the four months ended 30 April 2025, the Group didn't recognised any milestone revenue of GFH925.

##### License-out of GFH009

In March 2022, the Group entered into an exclusive license agreement with Sellas Life Sciences Group, Inc. ("Sellas"), to use, have used, develop, have developed, manufacture, have manufactured, commercialize, have commercialized, and otherwise Exploit Compounds and Products in the world outside of Greater China. Pursuant to the Agreement, the Group is entitled to receive upfront payment, development milestone payments, commercial Milestone payments. Sellas paid the Group a non-creditable and non-refundable initial payment of USD4,500,000 (equivalent to RMB28,567,000) and USD5,500,000 (equivalent to RMB39,144,000) in 2022 and 2023, respectively. The Group recognised revenue of licenses of intellectual property related to GFH009 of RMB68,040,000 during the year ended 31 December 2022, and recognised trade receivables of RMB38,305,000 at the end of 31 December 2022, which had been fully collected in 2023.



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 5. REVENUE (continued)

An analysis of revenue is as follows: (continued)

#### Revenue from contracts with customers (continued)

##### (b) Performance obligations(continued)

##### License-out of GFH375

In August 2023, the Group entered into a collaboration and option agreement (the “Verastem Agreement”) with Verastem, Inc. (“Verastem”), a pharmaceutical company headquartered in Massachusetts and listed on Nasdaq (stock code: VSTM). Verastem specializes in developing treatment for cancers and is a member of Nasdaq Biotechnology Index.

Under the Verastem Agreement, the Group granted Verastem options to obtain an exclusive, royalty-bearing and sublicensable licenses to develop, manufacture, commercialize and otherwise exploit the certain compounds and products in territories other than Greater China. As the Verastem Agreement implicates three programs, Verastem obtained three options from the Group and the exercise of option is on a program-by-program basis. Verastem paid the Group the upfront payments of USD2,000,000 (equivalent to RMB14,360,000) and USD3,500,000 (equivalent to RMB24,893,000) for the options of three product candidates, including GFH375 in 2023 and 2024, respectively. Therefore, the upfront payment received from Verastem was presented as contract liabilities as of 31 December 2023 and 2024. In January 2025, Verastem exercised one of three options and the Group recognised RMB77,618,000 revenue related to GFH375 during four months ended 30 April 2025.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follow:

|   | Year ended 31 December |               | Four months ended 30 April |               |
|---|------------------------|---------------|----------------------------|---------------|
|   | 2023                   | 2024          | 2024                       | 2025          |
|   | RMB'000                | RMB'000       | RMB'000<br>(unaudited)     | RMB'000       |
| Amounts expected to be recognised as revenue: |                        |               |                            |               |
| Within one year                               | 87,554                 | 32,631        | -                          | -             |
| After one year                                | <u>14,360</u>          | <u>9,573</u>  | <u>14,360</u>              | <u>12,348</u> |
| Total   | <u>101,914</u>         | <u>42,204</u> | <u>14,360</u>              | <u>12,348</u> |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the exercise of the option, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 6. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

|   | Year ended 31 December |         | Four months ended 30 April |         |
|---|------------------------|---------|----------------------------|---------|
|   | 2023                   | 2024    | 2024                       | 2025    |
|   | RMB'000                | RMB'000 | RMB'000<br>(unaudited)     | RMB'000 |
| <u>Other income</u>                           |                        |         |                            |         |
| Government grants                             | 21,786                 | 6,869   | 678                        | 242     |
| Bank interest income                          | 10,767                 | 17,228  | 4,186                      | 4,986   |
| <u>Gains</u>                                  |                        |         |                            |         |
| Foreign exchange differences, net             | 3,818                  | 3,539   | 959                        | 894     |
| Fair value gains on financial assets at FVTPL | 3,587                  | 402     | 222                        | -       |
| Gain on lease reassessment                    | -                      | 488     | 488                        | -       |
| Others  | 6                      | 5       | 1                          | -       |
| Total   | 39,964                 | 28,531  | 6,534                      | 6,122   |

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

|  | Year ended 31 December |         | Four months ended 30 April |         |
|--|------------------------|---------|----------------------------|---------|
|  | 2023                   | 2024    | 2024                       | 2025    |
|  | RMB'000                | RMB'000 | RMB'000<br>(unaudited)     | RMB'000 |
| Interest on lease liabilities  | 1,366                  | 1,112   | 389                        | 271     |
| Imputed interest expenses on other payable                           | -                      | 4,134   | 1,334                      | 1,116   |
| Transaction cost on issue of redemption liabilities on equity shares | -                      | 11,840  | 11,840                     | -       |
| Interest on bank borrowings  | 119                    | 877     | 52                         | 618     |
| Total  | 1,485                  | 17,963  | 13,615                     | 2,005   |

### 8. OTHER EXPENSES

|  | Year ended 31 December |         | Four months ended 30 April |         |
|--|------------------------|---------|----------------------------|---------|
|  | 2023                   | 2024    | 2024                       | 2025    |
|  | RMB'000                | RMB'000 | RMB'000<br>(unaudited)     | RMB'000 |
| Loss on disposals of property, plant and equipment | 137                    | 9       | 2                          | 3       |
| Others   | 39                     | 1       | -                          | -       |
| Total  | 176                    | 10      | 2                          | 3       |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 9. LOSS BEFORE TAX

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

|  | Notes | Year ended 31 December |                | Four months ended 30 April |               |
|--|-------|------------------------|----------------|----------------------------|---------------|
|  |       | 2023                   | 2024           | 2024                       | 2025          |
|  |       | RMB'000                | RMB'000        | RMB'000<br>(unaudited)     | RMB'000       |
| Cost of inventories sold   |       | -                      | 7,670          | -                          | 8,098         |
| Cost of licenses of intellectual property                          |       | -                      | 12,425         | -                          | 595           |
| Cost of services provided  |       | 684                    | -              | -                          | -             |
| Depreciation of property, plant and equipment*                     | 15    | 11,502                 | 8,496          | 3,012                      | 2,011         |
| Amortisation of intangible assets***                               | 17    | 186                    | 176            | 58                         | 59            |
| Depreciation of right-of-use assets**                              | 16    | 6,167                  | 5,440          | 1,814                      | 1,373         |
| Gain on lease reassessment   | 6     | -                      | (488)          | (488)                      | -             |
| Expenses relating to short-term and low-value leases               | 16    | 1,540                  | 961            | 375                        | 387           |
| Listing expense  |       | -                      | 18,363         | -                          | 9,228         |
| Staff costs (including directors' emoluments):                     |       |                        |                |                            |               |
| - Salaries, discretionary bonuses, allowances and benefits in kind |       | 84,058                 | 78,321         | 24,732                     | 22,883        |
| - Pension scheme contributions                                     |       | 5,750                  | 5,709          | 1,968                      | 1,863         |
| - Share-based payment compensation                                 | 29    | 36,968                 | 26,942         | 9,584                      | 8,776         |
| Total  |       | <u>126,776</u>         | <u>110,972</u> | <u>36,284</u>              | <u>33,522</u> |

\*The depreciation of property, plant and equipment for the Relevant Periods is included in "Research and development costs" and "Administrative expenses" in the consolidated statements of profit or loss.

\*\*The depreciation of right-of-use assets for the Relevant Periods is included in "Research and development costs" and "Administrative expenses" in the consolidated statements of profit or loss.

\*\*\*The amortisation of intangible assets for the Relevant Periods is included in "Research and development costs" and "Administrative expenses" in the consolidated statements of profit or loss.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 10. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

|   | Year ended 31 December |                 | Four months ended 30 April     |                 |
|---|------------------------|-----------------|--------------------------------|-----------------|
|   | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Salaries, allowances and benefits in kind | 14,238                 | 13,302          | 4,124                          | 4,755           |
| Performance related bonuses               | 8,647                  | 9,942           | 1,898                          | 1,707           |
| Pension scheme contributions              | 210                    | 241             | 72                             | 115             |
| Equity-settled share award expense        | 33,548                 | 9,386           | 3,752                          | 3,222           |
| Total fees and other emoluments           | 56,643                 | 32,871          | 9,846                          | 9,799           |

Directors and supervisors:

|                                    | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Share-based<br>payment<br>compensation<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------|---|--|---|---|------------------|
| <b>Year ended 31 December 2023</b> |   |  |   |   |                  |
| Directors:                         |   |  |   |   |                  |
| Dr. Lu Qiang (Note a)              | 1,310   | 1,444  | -   | 16,785  | 19,539           |
| Dr. Lan Jiong (Note b)             | 1,447   | 1,444  | -   | 14,305  | 17,196           |
| Mr. Li Bin (Note c)                | -   | -  | -   | -   | -                |
| Ms. Zhou Yi (Note d)               | -   | -  | -   | -   | -                |
| Ms. Shen Haige (Note e)            | 2,505   | 1,142  | 70  | 406   | 4,123            |
| Mr. Wang Yu (Note f)               | 4,305   | 2,780  | 70  | 1,104   | 8,259            |
| Mr. Stephen Hui Wang (Note g)      | -   | -  | -   | -   | -                |
| Mr. Song Gaoguang (Note h)         | -   | -  | -   | -   | -                |
| Mr. Zhu Jingyang (Note i)          | -   | -  | -   | -   | -                |
| Mr. Li Jingrong (Note j)           | 2,762   | 841  | -   | 697   | 4,300            |
| Mr. Chen Fanwei (Note k)           | 1,074   | 290  | -   | -   | 1,364            |
| Mr. Peng Wei (Note l)              | -   | -  | -   | -   | -                |
| Ms. Qian Ranting (Note m)          | -   | -  | -   | -   | -                |
| Ms. Liu Dan (Note o)               | -   | -  | -   | -   | -                |
| Supervisors:                       |   |  |   |   |                  |
| Ms. Zhang Wei (Note q)             | 835   | 706  | 70  | 251   | 1,862            |
| Mr. Wei Yufa (Note r)              | -   | -  | -   | -   | -                |
| Mr. Xue Mengjun (Note s)           | -   | -  | -   | -   | -                |
| Total                              | 14,238  | 8,647  | 210   | 33,548  | 56,643           |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Directors and supervisors (continued)

|                                    | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Share-based<br>payment<br>compensation<br>RMB'000 | Total<br>RMB'000 |
|------------------------------------|---|--|---|---|------------------|
| <b>Year ended 31 December 2024</b> |   |  |   |   |                  |
| Directors:                         |   |  |   |   |                  |
| Dr. Lu Qiang (Note a)              | 998   | 1,663  | -   | -   | 2,661            |
| Dr. Lan Jiong (Note b)             | 998   | 1,665  | -   | -   | 2,663            |
| Mr. Zhou Yi (Note d)               | -   | -  | -   | -   | -                |
| Ms. Shen Haige (Note e)            | 2,505   | 1,030  | 73  | 1,562   | 5,170            |
| Mr. Wang Yu (Note f)               | 4,306   | 2,597  | 73  | 4,355   | 11,331           |
| Mr. Song Gaoguang (Note h)         | -   | -  | -   | -   | -                |
| Mr. Zhu Jingyang (Note i)          | -   | -  | -   | -   | -                |
| Mr. Li Jingrong (Note j)           | 2,763   | 1,673  | -   | 2,322   | 6,758            |
| Mr. Chen Fanwei (Note k)           | 802   | 803  | -   | -   | 1,605            |
| Mr. Peng Wei (Note l)              | -   | -  | -   | -   | -                |
| Ms. Qian Ranting (Note m)          | -   | -  | -   | -   | -                |
| Mr. Gao Jieliang (Note n)          | -   | -  | -   | -   | -                |
| Ms. Liu Dan (Note o)               | -   | -  | -   | -   | -                |
| Mr. Liu Erh Fei (Note p)           | -   | -  | -   | -   | -                |
| Ms. Tao Sha (Note v)               | -   | -  | -   | -   | -                |
| Ms. Zhang Wei (Note q)             | 139   | 111  | 12  | 190   | 452              |
| Ms. Xu Xijin (Note w)              | -   | -  | -   | -   | -                |
| Supervisors:                       |   |  |   |   |                  |
| Ms. Zhang Wei (Note q)             | 488   | 388  | 42  | 665   | 1,583            |
| Mr. Wei Yufa (Note r)              | -   | -  | -   | -   | -                |
| Mr. Xue Mengjun (Note s)           | -   | -  | -   | -   | -                |
| Ms. Ma Rui (Note t)                | 108   | 4  | 17  | 165   | 294              |
| Mr. Lin Chonglan (Note u)          | 195   | 8  | 24  | 127   | 354              |
| Total                              | 13,302  | 9,942  | 241   | 9,386   | 32,871           |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Directors and supervisors (continued)

|  | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Share-based<br>payment<br>compensation<br>RMB'000 | Total<br>RMB'000 |
|--|---|--|---|---|------------------|
| <b>Four months ended 30 April<br/>2024 (unaudited)</b> |   |  |   |   |                  |
| Directors:   |   |  |   |   |                  |
| Dr. Lu Qiang (Note a)                                  | 161   | 554  | -   | -   | 715              |
| Dr. Lan Jiong (Note b)                                 | 161   | 555  | -   | -   | 716              |
| Mr.Zhou Yi(Note d)                                     | -   | -  | -   | -   | -                |
| Ms.Shen Haige (Note e)                                 | 835   | 157  | 24  | 625   | 1,641            |
| Mr.Wang Yu (Note f)                                    | 1,436   | 366  | 24  | 1,742   | 3,568            |
| Mr.Song Gaoguang (Note h)                              | -   | -  | -   | -   | -                |
| Mr.Zhu Jingyang (Note i)                               | -   | -  | -   | -   | -                |
| Mr.Li Jingrong (Note j)                                | 921   | 210  | -   | 929   | 2,060            |
| Mr.Chen Fanwei (Note k)                                | 331   | -  | -   | -   | 331              |
| Mr.Peng Wei (Note l)                                   | -   | -  | -   | -   | -                |
| Ms.Qian Ranting(Note m)                                | -   | -  | -   | -   | -                |
| Mr.Gao Jieliang (Note n)                               | -   | -  | -   | -   | -                |
| Ms.Liu Dan (Note o)                                    | -   | -  | -   | -   | -                |
| Mr.Liu Erh fei (Note p)                                | -   | -  | -   | -   | -                |
| Supervisors:   |   |  |   |   |                  |
| Ms. Zhang Wei (Note q)                                 | 279   | 56   | 24  | 456   | 815              |
| Mr. Wei Yufa (Note r)                                  | -   | -  | -   | -   | -                |
| Mr. Xue Mengjun (Note s)                               | -   | -  | -   | -   | -                |
| Total  | <u>4,124</u>  | <u>1,898</u>                                 | <u>72</u>                                     | <u>3,752</u>                                      | <u>9,846</u>     |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Directors and supervisors (continued)

|  | Salaries,<br>allowances<br>and benefits<br>in kind<br>RMB'000 | Performance<br>related<br>bonuses<br>RMB'000 | Pension<br>scheme<br>contributions<br>RMB'000 | Share-based<br>payment<br>compensation<br>RMB'000 | Total<br>RMB'000 |
|--|---|--|---|---|------------------|
| <b>Four months ended 30 April 2025</b> |   |  |   |   |                  |
| Directors:                             |   |  |   |   |                  |
| Dr. Lu Qiang (Note a)                  | 497   | 421  | -   | -   | 918              |
| Dr. Lan Jiong (Note b)                 | 497   | 421  | -   | -   | 918              |
| Mr. Zhou Yi (Note d)                   | -   | -  | -   | -   | -                |
| Ms. Shen Haige (Note e)                | 834   | 129  | 24  | 520   | 1,507            |
| Mr. Wang Yu (Note f)                   | 1,434   | 492  | 24  | 1,451   | 3,401            |
| Mr. Song Gaoguang (Note h)             | -   | -  | -   | -   | -                |
| Mr. Zhu Jingyang (Note i)              | -   | -  | -   | -   | -                |
| Mr. Li Jingrong (Note j)               | 920   | 224  | -   | 774   | 1,918            |
| Ms. Qian Ranting (Note m)              | -   | -  | -   | -   | -                |
| Ms. Tao Sha (Note v)                   | -   | -  | -   | -   | -                |
| Ms. Zhang Wei (Note q)                 | 275   | 10   | 24  | 380   | 689              |
| Ms. Xu Xijin (Note w)                  | -   | -  | -   | -   | -                |
| Supervisors:                           |   |  |   |   |                  |
| Mr. Xue Mengjun (Note s)               | -   | -  | -   | -   | -                |
| Ms. Ma Rui (Note t)                    | 105   | 3  | 19  | 55  | 182              |
| Mr. Lin Chonglan (Note u)              | 193   | 7  | 24  | 42  | 266              |
| Total                                  | 4,755   | 1,707  | 115   | 3,222   | 9,799            |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 10. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

Directors and supervisors (continued)

Notes:

- (a) Dr. Lu Qiang was appointed as a director of the Company on November 2017.
- (b) Dr. Lan Jiong was appointed as a director of the Company with effect from November 2017.
- (c) Mr. Li Bin was appointed as a director of the Company with effect from October 2018 and has resigned as a director of the Company with effect from July 2023.
- (d) Mr. Zhou Yi was appointed as a director of the Company with effect from February 2020.
- (e) Ms. Shen Haige was appointed as a director of the Company with effect from December 2020.
- (f) Mr. Wang Yu was appointed as a director of the Company with effect from December 2020.
- (g) Mr. Stephen Hui Wang was appointed as a director of the Company with effect from December 2020 and has resigned as a director of the Company with effect from July 2023.
- (h) Mr. Song Gaoguang was appointed as a director of the Company with effect from December 2020.
- (i) Mr. Zhu Jingyang was appointed as a director of the Company with effect from August 2022.
- (j) Mr. Li Jingrong was appointed as a director of the Company with effect from March 2022.
- (k) Mr. Chen Fanwei was appointed as a director of the Company with effect from March 2022 and resigned in November 2024.
- (l) Mr. Peng Wei was appointed as a director of the Company with effect from July 2023 and resigned in July 2024.
- (m) Ms. Qian Ranting was appointed as a director of the Company with effect from July 2023.
- (n) Mr. Gao Jieliang was appointed as a director of the Company with effect from May 2024 and resigned in November 2024.
- (o) Ms. Liu Dan was appointed as a director of the Company with effect from February 2020 and has resigned as a director of the Company with effect from May 2024.
- (p) Mr. Liu Erh Fei was appointed as a director of the Company with effect from January 2024 and resigned in December 2024.
- (q) Ms. Zhang Wei was appointed as a supervisor of the Company with effect from February 2020 and resigned in July 2024. Ms. Zhang Wei was appointed as a director of the Company with effect from November 2024.
- (r) Mr. Wei Yufa was appointed as a supervisor of the Company with effect from February 2020 and resigned in July 2024.
- (s) Mr. Xue Mengjun was appointed as a supervisor of the Company with effect from August 2022.
- (t) Ms Ma Rui was appointed as a supervisor of the Company with effect from September 2024.
- (u) Mr. Lin Chonglan was appointed as a supervisor of the Company with effect from September 2024.
- (v) Ms. Tao Sha was appointed as a director of the Company with effect from November 2024.
- (w) Ms. Xu Xijin was appointed as a director of the Company with effect from July 2024.

During the Relevant Period, restricted shares were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in Note 29 to the financial statements. The fair value of such restricted share units, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

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



## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 11. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Period, included five, three and five directors, details of whose remuneration are set out in Note 10 above. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

|   | Year ended 31 December |         | Four months ended 30 April |         |
|---|------------------------|---------|----------------------------|---------|
|   | 2023                   | 2024    | 2024                       | 2025    |
|   | RMB'000                | RMB'000 | RMB'000<br>(unaudited)     | RMB'000 |
| Salaries, allowances and benefits in kind | -                      | 2,827   | 1,368                      | -       |
| Performance related bonuses               | -                      | 1,353   | 104                        | -       |
| Pension scheme contributions              | -                      | 140     | 672                        | -       |
| Equity-settled share award expense        | -                      | 6,034   | 71                         | -       |
| Total                                     | -                      | 10,354  | 2,215                      | -       |

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

|                              | Year ended 31 December |                        | Four months ended 30 April            |                        |
|------------------------------|------------------------|------------------------|---------------------------------------|------------------------|
|                              | 2023                   | 2024                   | 2024                                  | 2025                   |
|                              | Number of<br>employees | Number of<br>employees | Number of<br>employees<br>(unaudited) | Number of<br>employees |
| HKD500,001 to HKD1,000,000   | -                      | -                      | 1                                     | -                      |
| HKD1,000,001 to HKD1,500,000 | -                      | -                      | 1                                     | -                      |
| HKD4,500,001 to HKD5,500,000 | -                      | 1                      | -                                     | -                      |
| HKD5,500,001 to HKD6,500,000 | -                      | 1                      | -                                     | -                      |

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

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 12. 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.

#### Mainland China

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the Enterprise Income Tax (“EIT”) rate of the PRC subsidiaries was 25% during the Relevant Periods except for certain members of the Group which was subject to tax concession set out below.

The Company was accredited as a “High and New Technology Enterprise” (“HNTE”) in 2022. Therefore, the Company was entitled to a preferential EIT rate of 15% during the Relevant Periods. The qualification as a HNTE is subject to review by the relevant tax authority in the PRC every three years.

In 2022, the Ministry of Finance and the State Administration of Taxation issued the Notice on the Further Implementation of Preferential Income Tax for Small and Micro Enterprises (Cai Shui [2022] No. 13), which provides that the portion of annual taxable income of small and micro enterprises exceeding RMB1,000,000 but not exceeding RMB3,000,000 shall be deducted to 25% of the taxable income and subject to income tax at a rate of 20% for the period from 1 January 2022 to 31 December 2027. Zhejiang GenFleet Therapeutics Co., Ltd., GenFleet Therapeutics (Beijing) Co., Ltd. and GenFleet Biopharmaceutical (Shanghai) Co., Ltd. were recognised as Small and Micro Enterprises and were entitled to a preferential tax rate of 20% during the Relevant Periods.

Pursuant to Cai Shui [2018] circular No.76, the Company and Zhejiang GenFleet Therapeutics Co., Ltd. which was accredited as “Technology-based Small and Medium-sized Enterprises” can carry forward their unutilised tax losses for up to ten years. This extension of the expiration period applies to all the unutilised tax losses that were carried forward by the entities at the effective date of the tax circular.

#### Australia

The subsidiary incorporated and operated in Australia with turnover of less than AUD50,000,000 was subject to income tax at the rate of 25% on the estimated assessable profits during the Relevant Periods.

#### USA

The subsidiary incorporated and operated in United States of America is subject to the federal corporate income tax rate at 21% during the Relevant Periods.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 12. INCOME TAX (continued)

|   | Year ended 31 December |           | Four months ended 30 April |          |
|---|------------------------|-----------|----------------------------|----------|
|   | 2023                   | 2024      | 2024                       | 2025     |
|   | RMB'000                | RMB'000   | RMB'000<br>(unaudited)     | RMB'000  |
| Loss before tax   | (508,324 )             | (677,641) | (404,687)                  | (66,624) |
| Tax at the statutory tax rate (15%)                                   | (76,249)               | (101,646) | (60,703)                   | (9,994)  |
| Effect of different tax rates enacted by local authorities            | (5,833)                | (5,358)   | (1,998)                    | (1,290)  |
| Additional deductible allowance for research and development expenses | (34,871)               | (32,719)  | (10,796)                   | (7,351)  |
| Tax losses utilised from previous periods                             | (196)                  | -         | -                          | -        |
| Income not subject to tax   | (2,488)                | (474)     | -                          | -        |
| Deductible temporary difference and tax losses not recognised         | 73,435                 | 78,115    | 35,246                     | 9,834    |
| Expenses not deductible for tax                                       | 46,202                 | 62,082    | 38,251                     | 8,801    |
| Tax charge at the Group's effective rate                              | -                      | -         | -                          | -        |

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

According to the EIT Law, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income effective from 1 October 2022 for GenFleet Biopharmaceutical (Shanghai) Co., Ltd. and GenFleet Biopharmaceutical (Shanghai) Co., Ltd., while Zhejiang GenFleet Therapeutics Co., Ltd. has been eligible for this additional deduction since 1 January 2022.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 13. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

### 14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

On 29 September 2024, the Company was converted to a joint stock limited liability company. A total of 26,774,063 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods and four months ended 30 April 2024 for the purpose of computation of basic earnings per share.

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Periods and four months ended 30 April 2024. The calculation of the basic loss per share amounts didn't consider the sub-division of the Shares by the Company where the Company subdivided its Share from one Share of RMB1.0 each into ten Shares of RMB0.1 each, which will become effective immediately prior to the Listing.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods and four months ended 30 April 2024.

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

|   | Year ended 31 December |                   | Four months ended 30 April |                   |
|---|------------------------|-------------------|----------------------------|-------------------|
|   | 2023                   | 2024              | 2024                       | 2025              |
|   | RMB'000                | RMB'000           | RMB'000                    | RMB'000           |
|   |                        |                   | (unaudited)                |                   |
| Loss  |                        |                   |                            |                   |
| Loss attributable to ordinary equity holders of the parent  | <u>(508,324)</u>       | <u>(677,641)</u>  | <u>(404,687)</u>           | <u>(66,624)</u>   |
| Shares  |                        |                   |                            |                   |
| Weighted average number of ordinary shares in issue during the year/period used in the basic loss per share calculation | <u>22,027,034</u>      | <u>25,859,402</u> | <u>24,007,405</u>          | <u>26,774,063</u> |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Express in RMB)                                   |                        |                   |                            |                   |
| – Basic and diluted   | <u>(23.08)</u>         | <u>(26.20)</u>    | <u>(16.86)</u>             | <u>(2.49)</u>     |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT

#### The Group

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>31 December 2023</b>                                 |                                       |  |                              |                                      |                  |
| At 1 January 2023:                                      |                                       |  |                              |                                      |                  |
| Cost  | 38,884                                | 5,690  | 1,276                        | 12,851                               | 58,701           |
| Accumulated depreciation                                | (14,012)                              | (3,378)  | (458)                        | (9,457)                              | (27,305)         |
| Net carrying amount                                     | <u>24,872</u>                         | <u>2,312</u>                                   | <u>818</u>                   | <u>3,394</u>                         | <u>31,396</u>    |
| At 1 January 2023, net of<br>accumulated depreciation   | 24,872                                | 2,312  | 818                          | 3,394                                | 31,396           |
| Additions   | 547                                   | 169  | -                            | 141                                  | 857              |
| Disposal  | (88)                                  | (62)   | -                            | -                                    | (150)            |
| Depreciation provided during<br>the year                | (7,519)                               | (1,139)  | (243)                        | (2,601)                              | (11,502)         |
| At 31 December 2023, net of<br>accumulated depreciation | <u>17,812</u>                         | <u>1,280</u>                                   | <u>575</u>                   | <u>934</u>                           | <u>20,601</u>    |
| At 31 December 2023:                                    |                                       |  |                              |                                      |                  |
| Cost  | 39,229                                | 5,688  | 1,276                        | 12,992                               | 59,185           |
| Accumulated depreciation                                | (21,417)                              | (4,408)  | (701)                        | (12,058)                             | (38,584)         |
| Net carrying amount                                     | <u>17,812</u>                         | <u>1,280</u>                                   | <u>575</u>                   | <u>934</u>                           | <u>20,601</u>    |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### The Group (continued)

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>31 December 2024</b>                                 |                                       |  |                              |                                      |                  |
| At 1 January 2024:                                      |                                       |  |                              |                                      |                  |
| Cost  | 39,229                                | 5,688  | 1,276                        | 12,992                               | 59,185           |
| Accumulated depreciation                                | (21,417)                              | (4,408)  | (701)                        | (12,058)                             | (38,584)         |
| Net carrying amount                                     | <u>17,812</u>                         | <u>1,280</u>                                   | <u>575</u>                   | <u>934</u>                           | <u>20,601</u>    |
| At 1 January 2024, net of<br>accumulated depreciation   | 17,812                                | 1,280  | 575                          | 934                                  | 20,601           |
| Additions   | 33                                    | 2  | -                            | 201                                  | 236              |
| Disposal  | (2)                                   | (11)   | -                            | -                                    | (13)             |
| Depreciation provided during<br>the year                | (6,424)                               | (695)  | (242)                        | (1,135)                              | (8,496)          |
| At 31 December 2024, net of<br>accumulated depreciation | <u>11,419</u>                         | <u>576</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>12,328</u>    |
| At 31 December 2024:                                    |                                       |  |                              |                                      |                  |
| Cost  | 39,221                                | 5,578  | 1,276                        | 13,523                               | 59,598           |
| Accumulated depreciation                                | (27,802)                              | (5,002)  | (943)                        | (13,523)                             | (47,270)         |
| Net carrying amount                                     | <u>11,419</u>                         | <u>576</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>12,328</u>    |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### The Group (continued)

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>30 April 2025</b>                                  |                                       |  |                              |                                      |                  |
| At 1 January 2025:                                    |                                       |  |                              |                                      |                  |
| Cost  | 39,221                                | 5,578  | 1,276                        | 13,523                               | 59,598           |
| Accumulated depreciation                              | (27,802)                              | (5,002)  | (943)                        | (13,523)                             | (47,270)         |
| Net carrying amount                                   | <u>11,419</u>                         | <u>576</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>12,328</u>    |
| At 1 January 2025, net of<br>accumulated depreciation | 11,419                                | 576  | 333                          | -                                    | 12,328           |
| Additions   | 11                                    | -  | -                            | -                                    | 11               |
| Disposal  | (3)                                   | -  | -                            | -                                    | (3)              |
| Depreciation provided during<br>the period            | <u>(1,846)</u>                        | <u>(84)</u>                                    | <u>(81)</u>                  | <u>-</u>                             | <u>(2,011)</u>   |
| At 30 April 2025, net of<br>accumulated depreciation  | <u>9,581</u>                          | <u>492</u>                                     | <u>252</u>                   | <u>-</u>                             | <u>10,325</u>    |
| At 30 April 2025:                                     |                                       |  |                              |                                      |                  |
| Cost  | 39,225                                | 5,575  | 1,276                        | 13,195                               | 59,271           |
| Accumulated depreciation                              | (29,644)                              | (5,083)  | (1,024)                      | (13,195)                             | (48,946)         |
| Net carrying amount                                   | <u>9,581</u>                          | <u>492</u>                                     | <u>252</u>                   | <u>-</u>                             | <u>10,325</u>    |

As at 31 December 2023 and 2024 and 30 April 2025, there were no pledged property, plant and equipment.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### The Company

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>31 December 2023</b>                                 |                                       |  |                              |                                      |                  |
| At 1 January 2023:                                      |                                       |  |                              |                                      |                  |
| Cost  | 33,456                                | 5,094  | 1,276                        | 11,085                               | 50,911           |
| Accumulated depreciation                                | (11,967)                              | (3,058)  | (458)                        | (7,692)                              | (23,175)         |
| Net carrying amount                                     | <u>21,489</u>                         | <u>2,036</u>                                   | <u>818</u>                   | <u>3,393</u>                         | <u>27,736</u>    |
| At 1 January 2023, net of<br>accumulated depreciation   | 21,489                                | 2,036  | 818                          | 3,393                                | 27,736           |
| Additions   | 484                                   | 168  | -                            | 128                                  | 780              |
| Disposal  | (51)                                  | (50)   | -                            | -                                    | (101)            |
| Depreciation provided during<br>the year                | (6,481)                               | (1,014)  | (243)                        | (2,597)                              | (10,335)         |
| At 31 December 2023, net of<br>accumulated depreciation | <u>15,441</u>                         | <u>1,140</u>                                   | <u>575</u>                   | <u>924</u>                           | <u>18,080</u>    |
| At 31 December 2023:                                    |                                       |  |                              |                                      |                  |
| Cost  | 33,792                                | 5,109  | 1,276                        | 11,213                               | 51,390           |
| Accumulated depreciation                                | (18,351)                              | (3,969)  | (701)                        | (10,289)                             | (33,310)         |
| Net carrying amount                                     | <u>15,441</u>                         | <u>1,140</u>                                   | <u>575</u>                   | <u>924</u>                           | <u>18,080</u>    |



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### The Company (continued)

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>31 December 2024</b>                                 |                                       |  |                              |                                      |                  |
| At 1 January 2024:                                      |                                       |  |                              |                                      |                  |
| Cost  | 33,792                                | 5,109  | 1,276                        | 11,213                               | 51,390           |
| Accumulated depreciation                                | (18,351)                              | (3,969)  | (701)                        | (10,289)                             | (33,310)         |
| Net carrying amount                                     | <u>15,441</u>                         | <u>1,140</u>                                   | <u>575</u>                   | <u>924</u>                           | <u>18,080</u>    |
| At 1 January 2024, net of<br>accumulated depreciation   | 15,441                                | 1,140  | 575                          | 924                                  | 18,080           |
| Additions   | 2                                     | 2  | -                            | 202                                  | 206              |
| Disposal  | (2)                                   | (10)   | -                            | -                                    | (12)             |
| Depreciation provided during<br>the year                | (5,448)                               | (592)  | (242)                        | (1,126)                              | (7,408)          |
| At 31 December 2024, net of<br>accumulated depreciation | <u>9,993</u>                          | <u>540</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>10,866</u>    |
| At 31 December 2024:                                    |                                       |  |                              |                                      |                  |
| Cost  | 33,752                                | 5,001  | 1,276                        | 11,745                               | 51,774           |
| Accumulated depreciation                                | (23,759)                              | (4,461)  | (943)                        | (11,745)                             | (40,908)         |
| Net carrying amount                                     | <u>9,993</u>                          | <u>540</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>10,866</u>    |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 15. PROPERTY, PLANT AND EQUIPMENT (continued)

#### The Company (continued)

|   | Machinery and<br>equipment<br>RMB'000 | Computer and<br>office<br>equipment<br>RMB'000 | Motor<br>Vehicles<br>RMB'000 | Leasehold<br>improvements<br>RMB'000 | Total<br>RMB'000 |
|---|---------------------------------------|--|------------------------------|--------------------------------------|------------------|
| <b>30 April 2025</b>                                  |                                       |  |                              |                                      |                  |
| At 1 January 2025:                                    |                                       |  |                              |                                      |                  |
| Cost  | 33,752                                | 5,001  | 1,276                        | 11,745                               | 51,774           |
| Accumulated depreciation                              | (23,759)                              | (4,461)  | (943)                        | (11,745)                             | (40,908)         |
| Net carrying amount                                   | <u>9,993</u>                          | <u>540</u>                                     | <u>333</u>                   | <u>-</u>                             | <u>10,866</u>    |
| At 1 January 2025, net of<br>accumulated depreciation | 9,993                                 | 540  | 333                          | -                                    | 10,866           |
| Additions   | 10                                    | -  | -                            | -                                    | 10               |
| Depreciation provided during<br>the period            | (1,620)                               | (79)   | (81)                         | -                                    | (1,780)          |
| At 30 April 2025, net of<br>accumulated depreciation  | <u>8,383</u>                          | <u>461</u>                                     | <u>252</u>                   | <u>-</u>                             | <u>9,096</u>     |
| At 30 April 2025:                                     |                                       |  |                              |                                      |                  |
| Cost  | 33,762                                | 5,001  | 1,276                        | -                                    | 40,039           |
| Accumulated depreciation                              | (25,379)                              | (4,540)  | (1,024)                      | -                                    | (30,943)         |
| Net carrying amount                                   | <u>8,383</u>                          | <u>461</u>                                     | <u>252</u>                   | <u>-</u>                             | <u>9,096</u>     |

As at 31 December 2023 and 2024 and 30 April 2025, there were no pledged property, plant and equipment.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 16. LEASES

#### The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

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

|                               | Office premises<br>RMB'000 |
|-------------------------------|----------------------------|
| <b>As at 31 December 2023</b> |                            |
| As at 1 January 2023          | 29,528                     |
| Depreciation charge           | (6,167)                    |
| As at 31 December 2023        | <u>23,361</u>              |
|                               | Office premises<br>RMB'000 |
| <b>As at 31 December 2024</b> |                            |
| As at 1 January 2024          | 23,361                     |
| Depreciation charge           | (5,440)                    |
| Lease reassessment            | (2,509)                    |
| As at 31 December 2024        | <u>15,412</u>              |
|                               | Office premises<br>RMB'000 |
| <b>As at 30 April 2025</b>    |                            |
| As at 1 January 2025          | 15,412                     |
| Addition                      | 173                        |
| Depreciation charge           | (1,373)                    |
| As at 30 April 2025           | <u>14,212</u>              |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 16. LEASES (continued)

#### The Group as a lessee (continued)

##### (b) Lease liabilities

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

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Carrying amount at 1 January                               | 31,763                               | 26,361                               | 18,220                            |
| New leases   | -                                    | -                                    | 173                               |
| Accretion of interest recognised<br>during the year/period | 1,366                                | 1,112                                | 271                               |
| Payments   | (6,768)                              | (6,256)                              | (2,458)                           |
| Lease reassessment   | -                                    | (2,997)                              | -                                 |
| Carrying amount  | <u>26,361</u>                        | <u>18,220</u>                        | <u>16,206</u>                     |
| Analysed into:   |                                      |                                      |                                   |
| Current portion  | 5,526                                | 4,243                                | 3,345                             |
| Non-current portion  | 20,835                               | 13,977                               | 12,861                            |

The maturity analysis of lease liabilities is disclosed in Note 36 to the financial statements.

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

|   | Year ended 31 December |              | Four months ended 30 April |              |
|---|------------------------|--------------|----------------------------|--------------|
|   | 2023                   | 2024         | 2024                       | 2025         |
|   | RMB'000                | RMB'000      | RMB'000<br>(unaudited)     | RMB'000      |
| Depreciation of right-of-use assets                     | 6,167                  | 5,440        | 1,814                      | 1,373        |
| Interest on lease liabilities                           | 1,366                  | 1,112        | 389                        | 271          |
| Gain on lease reassessment                              | -                      | (488)        | (488)                      | -            |
| Expenses relating to short-term and<br>low-value leases | <u>1,540</u>           | <u>961</u>   | <u>375</u>                 | <u>387</u>   |
| Total amount recognised in profit or<br>loss            | <u>9,073</u>           | <u>7,025</u> | <u>2,090</u>               | <u>2,031</u> |

##### (d) The total cash outflow for leases is disclosed in Note 31 to the financial statements.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 16. LEASES (continued)

#### The Company as a lessee

The Company has lease contracts for various items of office premises used in its operations. Leases of office premises generally have lease terms between 3 and 10 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

#### (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<br>RMB'000 |
|-------------------------------|----------------------------|
| <b>As at 31 December 2023</b> |                            |
| As at 1 January 2023          | 29,363                     |
| Depreciation charge           | (6,077)                    |
|                               | <hr/>                      |
| As at 31 December 2023        | 23,286                     |
|                               | <hr/>                      |
|                               | Office premises<br>RMB'000 |
| <b>As at 31 December 2024</b> |                            |
| As at 1 January 2024          | 23,286                     |
| Depreciation charge           | (5,365)                    |
| Lease reassessment            | (2,509)                    |
|                               | <hr/>                      |
| As at 31 December 2024        | 15,412                     |
|                               | <hr/>                      |
|                               | Office premises<br>RMB'000 |
| <b>As at 30 April 2025</b>    |                            |
| As at 1 January 2025          | 15,412                     |
| Depreciation charge           | (1,340)                    |
|                               | <hr/>                      |
| As at 30 April 2025           | 14,072                     |
|                               | <hr/>                      |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 16. LEASES (continued)

#### The Company as a lessee (continued)

##### (b) Lease liabilities

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

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Carrying amount at 1 January                               | 31,574                               | 26,334                               | 18,220                            |
| Accretion of interest recognised<br>during the year/period | 1,361                                | 1,111                                | 270                               |
| Payments   | (6,601)                              | (6,228)                              | (2,458)                           |
| Lease reassessment   | -                                    | (2,997)                              | -                                 |
| Carrying amount  | <u>26,334</u>                        | <u>18,220</u>                        | <u>16,032</u>                     |
| Analysed into:   |                                      |                                      |                                   |
| Current portion  | 5,499                                | 4,243                                | 3,171                             |
| Non-current portion  | 20,835                               | 13,977                               | 12,861                            |

The maturity analysis of lease liabilities is disclosed in Note 36 to the financial statements.

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

|   | Year ended 31 December |                 | Four months ended 30 April     |                 |
|---|------------------------|-----------------|--------------------------------|-----------------|
|   | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Depreciation of right-of-use assets                     | 6,077                  | 5,365           | 1,814                          | 1,340           |
| Interest on lease liabilities                           | 1,361                  | 1,111           | 389                            | 270             |
| Lease reassessment                                      | -                      | (488)           | (489)                          | -               |
| Expenses relating to short-term and<br>low-value leases | <u>1,500</u>           | <u>943</u>      | <u>375</u>                     | <u>369</u>      |
| Total amount recognised in profit or<br>loss            | <u>8,938</u>           | <u>6,931</u>    | <u>2,089</u>                   | <u>1,979</u>    |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 17. INTANGIBLE ASSETS

#### The Group and the Company

|  | Software<br>RMB'000 |
|--|---------------------|
| <b>31 December 2023</b>                              |                     |
| At 1 January 2023:                                   |                     |
| Cost   | 1,567               |
| Accumulated amortisation                             | <u>(167)</u>        |
| Net carrying amount                                  | <u>1,400</u>        |
| At 1 January 2023, net of accumulated amortisation   | 1,400               |
| Addition   | 187                 |
| Amortisation provided during the year                | <u>(186)</u>        |
| At 31 December 2023, net of accumulated amortisation | <u>1,401</u>        |
| At 31 December 2023:                                 |                     |
| Cost   | 1,754               |
| Accumulated amortisation                             | <u>(353)</u>        |
| Net carrying amount                                  | <u>1,401</u>        |
|  | Software<br>RMB'000 |
| <b>31 December 2024</b>                              |                     |
| At 1 January 2024:                                   |                     |
| Cost   | 1,754               |
| Accumulated amortisation                             | <u>(353)</u>        |
| Net carrying amount                                  | <u>1,401</u>        |
| At 1 January 2024, net of accumulated amortisation   | 1,401               |
| Addition   | 32                  |
| Amortisation provided during the year                | <u>(176)</u>        |
| At 31 December 2024, net of accumulated amortisation | <u>1,257</u>        |
| At 31 December 2024:                                 |                     |
| Cost   | 1,786               |
| Accumulated amortisation                             | <u>(529)</u>        |
| Net carrying amount                                  | <u>1,257</u>        |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 17. INTANGIBLE ASSETS (continued)

#### The Group and the Company (continued)

|  | Software<br>RMB'000 |
|--|---------------------|
| <b>30 April 2025</b>                               |                     |
| At 1 January 2025:                                 |                     |
| Cost   | 1,786               |
| Accumulated amortisation                           | <u>(529)</u>        |
| Net carrying amount                                | <u>1,257</u>        |
| At 1 January 2025, net of accumulated amortisation | 1,257               |
| Addition   | -                   |
| Amortisation provided during the period            | <u>(59)</u>         |
| At 30 April 2025, net of accumulated amortisation  | <u>1,198</u>        |
| At 30 April 2025:                                  |                     |
| Cost   | 1,786               |
| Accumulated amortisation                           | <u>(588)</u>        |
| Net carrying amount                                | <u>1,198</u>        |



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 18. TRADE RECEIVABLE

#### The Group

|                   | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|-------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Trade receivables | 72,353                               | 109,153                              | 97,518                            |
| Impairment        | -                                    | -                                    | -                                 |
| Total             | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |

#### The Company

|                   | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|-------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Trade receivables | 72,353                               | 109,153                              | 97,518                            |
| Impairment        | -                                    | -                                    | -                                 |
| Total             | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 60 days, depending on the contract terms. Each customer has a maximum credit limit. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

#### The Group

|               | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Within 1 year | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |
| Total         | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |

#### The Company

|               | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Within 1 year | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |
| Total         | <u>72,353</u>                        | <u>109,153</u>                       | <u>97,518</u>                     |

An impairment analysis is performed at each reporting date. The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The directors of the Company are of the opinion that the ECL in respect of the balance of trade receivables is minimal. No loss allowance for impairment of trade receivables is provided as at 31 December 2023 and 2024 and 30 April 2025.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 19. PREPAYMENTS AND OTHER RECEIVABLES

#### The Group

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Non-current:   |                                      |                                      |                                   |
| Rental and other deposits  | 1,480                                | 1,514                                | 1,514                             |
| Value-added tax recoverable  | 6,635                                | 7,865                                | 8,017                             |
| Others   | 160                                  | 197                                  | 199                               |
| Total  | <u>8,275</u>                         | <u>9,576</u>                         | <u>9,730</u>                      |
| Current:   |                                      |                                      |                                   |
| Prepayments for research and<br>development services and other<br>services | 26,755                               | 22,194                               | 26,176                            |
| Rental and other deposits  | 7,375                                | 7,139                                | 3,576                             |
| Value-added tax recoverable  | 4,537                                | 10,719                               | 16,771                            |
| Other receivables  | 5,469                                | 15,420                               | 4,816                             |
| Deferred listing expense   | -                                    | 3,122                                | 4,674                             |
| Total  | <u>44,136</u>                        | <u>58,594</u>                        | <u>56,013</u>                     |

#### The Company

|   | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|
| Non-current:  |                                      |                                      |                                   |
| Rental deposits   | 1,481                                | 1,514                                | 1,514                             |
| Others  | 159                                  | 197                                  | 199                               |
| Total   | <u>1,640</u>                         | <u>1,711</u>                         | <u>1,713</u>                      |
| Current:  |                                      |                                      |                                   |
| Prepayments for research and<br>development services and others | 4,397                                | 8,987                                | 8,857                             |
| Rental and other deposits                                       | 373                                  | 337                                  | 61                                |
| Value-added tax recoverable                                     | 4,537                                | 11,564                               | 16,771                            |
| Other receivables   | 319                                  | 15,071                               | 4,754                             |
| Deferred listing expense  | -                                    | 3,122                                | 4,674                             |
| Total   | <u>9,626</u>                         | <u>39,081</u>                        | <u>35,117</u>                     |

The financial assets included in the above balances relate to receivables for which there were no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are interest-free and are not secured with collateral.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 20. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS

#### The Group

Cash and cash equivalents

|                                 | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Cash at banks                   | 332,197                              | 255,226                              | 308,644                           |
| Time deposits                   | 31,752                               | 139,689                              | 82,122                            |
| Subtotal                        | 363,949                              | 394,915                              | 390,766                           |
| Less:                           |                                      |                                      |                                   |
| Time deposits over three months | (31,752)                             | (32,790)                             | -                                 |
| Cash and cash equivalents       | 332,197                              | 362,125                              | 390,766                           |
| Denominated in:                 |                                      |                                      |                                   |
| RMB                             | 75,183                               | 24,714                               | 74,224                            |
| USD                             | 238,818                              | 319,040                              | 303,165                           |
| AUD                             | 18,196                               | 18,371                               | 13,377                            |
| Total                           | 332,197                              | 362,125                              | 390,766                           |

Time deposits

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Time deposits over three months but less than one year - current | -                                    | 32,790                               | -                                 |
| Time deposits over one year – non-current                        | 31,752                               | -                                    | -                                 |
| Total  | 31,752                               | 32,790                               | -                                 |
| Denominated in:  |                                      |                                      |                                   |
| RMB  | 31,752                               | 32,790                               | -                                 |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 20. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS (continued)

#### The Company

Cash and cash equivalents

|                                 | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Cash at banks                   | 241,962                              | 217,909                              | 282,013                           |
| Time deposits                   | 31,752                               | 128,335                              | 79,791                            |
| Subtotal                        | 273,714                              | 346,244                              | 361,804                           |
| Less:                           |                                      |                                      |                                   |
| Time deposits over three months | (31,752)                             | (32,790)                             | -                                 |
| Cash and cash equivalents       | 241,962                              | 313,454                              | 361,804                           |
| Denominated in:                 |                                      |                                      |                                   |
| RMB                             | 21,008                               | 12,675                               | 71,425                            |
| USD                             | 220,954                              | 300,779                              | 290,379                           |
| Total                           | 241,962                              | 313,454                              | 361,804                           |

Time deposits

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Time deposits over three months but less than one year - current | -                                    | 32,790                               | -                                 |
| Time deposits over one year – non-current                        | 31,752                               | -                                    | -                                 |
| Total  | 31,752                               | 32,790                               | -                                 |
| Denominated in:  |                                      |                                      |                                   |
| RMB  | 31,752                               | 32,790                               | -                                 |
| USD  | -                                    | -                                    | -                                 |
| Total  | 31,752                               | 32,790                               | -                                 |

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, 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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 21. TRADE AND OTHER PAYABLES

#### The Group

|   | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|---|---|---|--|
| Current:  |   |   |  |
| Trade payables  | 8,355                                       | 6,292                                       | 10,836                                   |
| Payroll payables  | 19,656                                      | 17,711                                      | 8,561                                    |
| Accrued expenses for research and development services  | 49,335                                      | 73,704                                      | 63,964                                   |
| Accrued listing expense                                 | -   | 12,706                                      | 5,380                                    |
| Other taxes payables                                    | 1,088                                       | 987   | 684                                      |
| Other payables  |   |   |  |
| - License-out agreement option termination fee (note a) | -   | 68,573                                      | 69,112                                   |
| - Accrued expenses                                      | 3,910                                       | 1,216                                       | 688                                      |
| - Others  | 503   | 544   | 181                                      |
| Total   | <u>82,847</u>                               | <u>181,733</u>                              | <u>159,406</u>                           |
| Non-current:  |   |   |  |
| Other payables  |   |   |  |
| - License-out agreement option termination fee (note a) | -   | 55,676                                      | 56,429                                   |
| Total   | <u>-</u>                                    | <u>55,676</u>                               | <u>56,429</u>                            |

Note:

(a) The detail information of License-out option termination fee is described in Note 5.

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

|                 | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|-----------------|---|---|--|
| Within 3 months | <u>8,355</u>                                | <u>6,292</u>                                | <u>10,836</u>                            |
| Total           | <u>8,355</u>                                | <u>6,292</u>                                | <u>10,836</u>                            |

The trade payables are non-interest-bearing and payable on demand, which are normally settled on terms of 1 to 3 months.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 21. TRADE AND OTHER PAYABLES (continued)

#### The Company

|   | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|
| Current:  |                                      |                                      |                                   |
| Trade payables  | 8,270                                | 6,164                                | 9,451                             |
| Payroll payables  | 11,257                               | 11,503                               | 5,616                             |
| Accrued expenses for research and development services  | 36,267                               | 66,938                               | 58,450                            |
| Accrued listing expense                                 | -                                    | 11,765                               | 5,380                             |
| Other taxes payables                                    | 566                                  | 675                                  | 415                               |
| Other payables  |                                      |                                      |                                   |
| - License-out agreement option termination fee (note a) | -                                    | 68,573                               | 69,112                            |
| - Accrued expenses                                      | 3,874                                | 706                                  | 375                               |
| - Others  | 176                                  | 535                                  | 7,204                             |
| Total   | <u>60,410</u>                        | <u>166,859</u>                       | <u>156,003</u>                    |
| Non-current:  |                                      |                                      |                                   |
| Other payables  |                                      |                                      |                                   |
| - License-out agreement option termination fee (note a) | -                                    | 55,676                               | 56,429                            |
| Total   | <u>-</u>                             | <u>55,676</u>                        | <u>56,429</u>                     |

Note:

(a) The detail information of License-out option termination fee is described in Note 5.

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

|                 | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|-----------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Within 3 months | <u>8,270</u>                         | <u>6,164</u>                         | <u>9,451</u>                      |
| Total           | <u>8,270</u>                         | <u>6,164</u>                         | <u>9,451</u>                      |

The trade payables are non-interest-bearing and payable on demand, which are normally settled on terms of 1 to 3 months.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 22. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

| As at 31 December 2023                   |   |                                   |         |
|--|---|-----------------------------------|---------|
|  | Effective interest rate<br>per annum<br>% | Maturity                          | RMB'000 |
| Current<br>Bank loans-unsecured          | 2.85-2.95                                 | 2024                              | 5,312   |
| As at 31 December 2024                   |   |                                   |         |
|  | Effective interest rate<br>per annum<br>% | Maturity                          | RMB'000 |
| Current<br>Bank loans - unsecured        | 2.50-2.90                                 | 2025                              | 51,128  |
| As at 30 April 2025                      |   |                                   |         |
|  | Effective interest rate<br>per annum<br>% | Maturity                          | RMB'000 |
| Current<br>Bank loans - unsecured        | 2.50-2.75                                 | 2025-2026                         | 85,117  |
| As at 31 December<br>2023<br>RMB'000     | As at 31 December<br>2024<br>RMB'000      | As at 30 April<br>2025<br>RMB'000 |         |
| Bank loans repayable:<br>Within one year | 5,312                                     | 51,128                            | 85,117  |

**GENFLEET THERAPEUTICS (SHANGHAI) INC.****NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

**23. DEFERRED INCOME****The Group**

|                   | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|-------------------|---|---|--|
| Government grants | <u>503</u>                                  | <u>-</u>                                    | <u>-</u>                                 |

\*The movements in deferred income during the Relevant Periods are as follows:

|   | <u>Year ended 31 December</u> |                 | <u>Four months ended 30 April</u> |                 |
|---|-------------------------------|-----------------|-----------------------------------|-----------------|
|   | 2023<br>RMB'000               | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited)    | 2025<br>RMB'000 |
| At beginning of the year/period                           | 3,651                         | 503             | 503                               | -               |
| Grants received during the year/period                    | 18,638                        | 6,366           | 228                               | 242             |
| Amounts released to profit or loss during the year/period | <u>(21,786)</u>               | <u>(6,869)</u>  | <u>(678)</u>                      | <u>(242)</u>    |
| At end of the year/period                                 | <u>503</u>                    | <u>-</u>        | <u>53</u>                         | <u>-</u>        |

**24. CONTRACT LIABILITIES****The Group and the Company**

|                      | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|----------------------|---|---|--|
| Contract liabilities | <u>101,914</u>                              | <u>42,204</u>                               | <u>12,348</u>                            |

Contract liabilities represented the obligation to transfer the Ex-China Option of GFH925 to Innovent and the obligation to transfer the Ex-China Option of GFH375 to Verastem. The changes of contractual liabilities on GFH925 are mainly due to the addition or termination of options to develop and commercialize the licensed products and licensed compounds of GFH925 in the Ex-China Territory and the exercise of the Ex-China Option of GFH375 at the end of the year/period as detailed in Note 5.



## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 25. REDEMPTION LIABILITIES ON EQUITY SHARES

From January 2018 to March 2024, the Company had received several rounds of investments as follows:

In January 2018, the Company issued 2,500,000 angel round equity shares with a par value of RMB1.00 per share ("Angel Round Shares") to several independent investors for a cash consideration of RMB60,000,000 or RMB24.00 per share.

In January 2019, the Company issued first tranche of 2,647,059 series A equity shares with a par value of RMB1.00 per share ("Series A Shares") to several independent investors for a cash consideration of RMB120,000,000 or RMB45.33 per share.

In April 2019, the Company issued 322,129 series A + equity shares with a par value of RMB1.00 per share ("Series A+ Shares") to one independent investors for a cash consideration of RMB20,000,000 or RMB62.09 per share.

In February and March 2020, the Company issued second tranche of 581,622 Series A Shares to several independent investors for a cash consideration of RMB30,000,000 or RMB51.58 per share.

In March 2020, the Company issued 5,122,199 series B equity shares with a par value of RMB1.00 per share ("Series B Shares") to several independent investors for a cash consideration of RMB343,000,000 or RMB66.96 per share.

In March 2021, the Company issued 2,156,401 series B+ equity shares with a par value of RMB1.00 per share ("Series B+ Shares") to several independent investors for a cash consideration of RMB200,000,000 or RMB92.75 per share.

In December 2022, the Company issued 3,889,673 series C equity shares with a par value of RMB1.00 per share ("Series C Shares") to several independent investors for a cash consideration of RMB491,082,000 or RMB124.03 per share.

In March 2024, the Company issued 1,673,807 series C+ equity shares with a par value of RMB1.00 per share ("Series C+ Shares") to several independent investors for a cash consideration of RMB195,011,000 or RMB116.68 per share.

Angel Round Shares, Series A Shares, Series A+ Shares, Series B Shares, Series B+ Shares, Series C Shares and Series C+ Shares are collectively referred as Shares.

The key terms of the Shares are summarized as follows:

##### (1) Voting rights

All shareholders, including the holders of ordinary shares and holders of Shares, are entitled to vote together as a single class on a pro-rata basis.

##### (2) Dividends rights

The Group's capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

No dividend or distribution, whether in cash, in property, or in any other shares of the Group, shall be declared, paid, set aside or made with respect to the ordinary shares at any time unless a dividend or distribution in like amount is likewise declared, paid, set aside or made at the same time with respect to each issued and outstanding payable of Shares in cash when, as and if declared by the Group.

## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 25. REDEMPTION LIABILITIES ON EQUITY SHARES (continued)

##### (3) Redemption features

Upon occurrence of the following events which cannot be controlled by the Company, the Shares shall be redeemable by the Company at the option of the shareholders:

- (a) The Company fails to achieve a qualified IPO or qualified overall sale of the Company before 31 December 2024;
- (b) the founders or controlling shareholders of the Company is changed or they have actually ceased to contribute their time and efforts to the Company;
- (c) The Company, GenFleet Therapeutics (H.K.) Limited, employee incentive platforms or the founders seriously violates the transaction documents (including but not limited to any breach of representations, warranties, commitments, full-time service and non-competition commitments, etc.);
- (d) The founders of the Company, engage in significant acts of dishonesty that may cause unknown off-balance liabilities or unknown off-balance cash income; or
- (e) The Company or the Group undergoes events that may cause significant obstacles to the qualified IPO of the Company and the obstacles cannot be overcome according to the relevant provisions of PRC laws or any one of the Company, GenFleet Therapeutics (H.K.) Limited, employee incentive platforms or the founders refuse to correct these obstacles.

The redemption amount is calculated as the higher of (i) the original investment principal from investors with an annual compound interest rate of 12% of the original investment principal plus any dividends declared but unpaid for a period of time commencing from the actual investment payment date to the actual settlement of redemption amount date (referred as "P+I") and (ii) the net assets of the Company at the time of transfer attributable to the shareholders according to share percentage.

##### (4) Liquidation preferences

In the event of any liquidation or deemed liquidation event, 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 equity share with an annual compound interest rate of 12% or 10% plus any dividends declared but unpaid thereon in the sequence as follows:

- (1) Series C+ Shares
- (2) Series C Shares
- (3) Series B+ Shares
- (4) Series B Shares
- (5) Series A+ Shares
- (6) Series A Shares
- (7) Angel Round Shares

##### (5) Anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital at the lowest issue price permitted by law to the investors or receive cash compensation from the Company, and the investors also have a right to require the controlling shareholders to transfer shares to the investors at the lowest issue price permitted by law or receive cash compensation from the controlling shareholders, 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.

## **GENFLEET THERAPEUTICS (SHANGHAI) INC.**

### **NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

#### **25. REDEMPTION LIABILITIES ON EQUITY SHARES (continued)**

##### **Presentation and classification**

The Group and the Company have designated the Shares issued to investors as 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 change 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 is not significant.

The redemption liabilities on equity shares were presented in current liabilities as at 31 December 2023 and 2024 and 30 April 2025 as the Company would be requested to redeem the Shares upon occurrence of the events which cannot be controlled by the Company as detailed above .

The redemption features and liquidation preferences will be automatically terminated upon Listing.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 25. REDEMPTION LIABILITIES ON EQUITY SHARES (continued)

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

#### The Group and the Company

|                      | Angel Round<br>Shares<br>RMB'000 | Series A<br>Shares<br>RMB'000 | Series A+<br>Shares<br>RMB'000 | Series B<br>Shares<br>RMB'000 | Series B+<br>Shares<br>RMB'000 | Series C<br>Shares<br>RMB'000 | Series C+<br>Shares<br>RMB'000 | Total Shares<br>RMB'000 |
|----------------------|----------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------|
| At 1 January 2023    | <u>113,668</u>                   | <u>190,990</u>                | <u>20,941</u>                  | <u>360,557</u>                | <u>194,262</u>                 | <u>499,097</u>                | <u>-</u>                       | <u>1,379,515</u>        |
| Change in fair value | <u>13,163</u>                    | <u>39,363</u>                 | <u>5,438</u>                   | <u>98,683</u>                 | <u>50,165</u>                  | <u>50,181</u>                 | <u>-</u>                       | <u>256,993</u>          |
| At 31 December 2023  | <u>126,831</u>                   | <u>230,353</u>                | <u>26,379</u>                  | <u>459,240</u>                | <u>244,427</u>                 | <u>549,278</u>                | <u>-</u>                       | <u>1,636,508</u>        |
| Issue                | -                                | -                             | -                              | -                             | -                              | -                             | 195,011                        | 195,011                 |
| Change in fair value | <u>45,688</u>                    | <u>54,037</u>                 | <u>4,550</u>                   | <u>64,024</u>                 | <u>23,177</u>                  | <u>89,672</u>                 | <u>101,454</u>                 | <u>382,602</u>          |
| At 31 December 2024  | <u>172,519</u>                   | <u>284,390</u>                | <u>30,929</u>                  | <u>523,264</u>                | <u>267,604</u>                 | <u>638,950</u>                | <u>296,465</u>                 | <u>2,214,121</u>        |
| Issue                | -                                | -                             | -                              | -                             | -                              | -                             | -                              | -                       |
| Change in fair value | <u>10,268</u>                    | <u>14,426</u>                 | <u>1,337</u>                   | <u>19,639</u>                 | <u>6,498</u>                   | <u>(236)</u>                  | <u>(1,240)</u>                 | <u>50,692</u>           |
| At 30 April 2025     | <u>182,787</u>                   | <u>298,816</u>                | <u>32,266</u>                  | <u>542,903</u>                | <u>274,102</u>                 | <u>638,714</u>                | <u>295,225</u>                 | <u>2,264,813</u>        |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 25. REDEMPTION LIABILITIES ON EQUITY SHARES (continued)

The Company used the discounted cash flow and back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model ("OPM model") to arrive the fair value of the redemption liabilities on equity shares as at the end of each reporting period with reference to valuation report carried out by an independent valuer.

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

|  | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|--|--------------------------------------|--------------------------------------|-----------------------------------|
| Risk-free interest rate                  | 2.08%                                | 1.14%                                | 1.47%                             |
| DLOM                                     | 15.09%                               | 14.70%                               | 14.10%                            |
| Volatility                               | 58.00%                               | 56.00%                               | 58.00%                            |
| Possibilities under liquidation scenario | 30.00%                               | 27.50%                               | 25.00%                            |
| Possibilities under redemption scenario  | 30.00%                               | 27.50%                               | 25.00%                            |
| Possibilities under conversion scenario  | 40.00%                               | 45.00%                               | 50.00%                            |

The Group estimated the risk-free interest rate based on the yield of China government bond 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 put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine DLOM. Volatility was estimated based on annualized standard deviation of daily shares price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

### 26. DEFERRED TAX

Deferred tax liabilities

|  | Right-of-use<br>assets<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------------------|------------------|
| As at 1 January 2023   | 4,437                             | 4,437            |
| Credited to the consolidated statements of profit or loss and other comprehensive income | (929)                             | (929)            |
| As at 31 December 2023   | 3,508                             | 3,508            |
| Credited to the consolidated statements of profit or loss and other comprehensive income | (1,196)                           | (1,196)          |
| As at 31 December 2024   | 2,312                             | 2,312            |
| Credited to the consolidated statements of profit or loss and other comprehensive income | (173)                             | (173)            |
| As at 30 April 2025  | 2,139                             | 2,139            |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 26. DEFERRED TAX (continued)

Deferred tax assets

|  | Tax Losses<br>RMB'000 | Lease liabilities<br>RMB'000 | Total<br>RMB'000 |
|--|-----------------------|------------------------------|------------------|
| As at 1 January 2023   | -                     | 4,437                        | 4,437            |
| (Credited)/charged to the consolidated statements of profit or loss and other comprehensive income | 10                    | (939)                        | (929)            |
| As at 31 December 2023   | 10                    | 3,498                        | 3,508            |
| Charged to the consolidated statements of profit or loss and other comprehensive income            | (10)                  | (1,186)                      | (1,196)          |
| As at 31 December 2024   | -                     | 2,312                        | 2,312            |
| Charged to the consolidated statements of profit or loss and other comprehensive income            | -                     | (173)                        | (173)            |
| As at 30 April 2025  | -                     | 2,139                        | 2,139            |

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<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|---|--------------------------------------|--------------------------------------|-----------------------------------|
| Net deferred tax assets recognised in the consolidated statement of financial position      | -                                    | -                                    | -                                 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | -                                    | -                                    | -                                 |
| Net deferred tax liabilities in respect of continuing operations                            | -                                    | -                                    | -                                 |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 27. PAID-IN CAPITAL/SHARE CAPITAL

#### The Group and the Company

Pursuant to the shareholders' resolutions dated 25 July 2024, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liabilities with 26,774,063 shares in a nominal value of RMB1.0 each. Upon the completion of registration with the Administration for Market Regulation of the Shanghai (上海市市場監督管理局) on 29 September 2024, the Company was converted into a joint stock company with limited liability.

#### Paid-in capital/Share capital

|   | Share capital<br>RMB'000 |
|---|--------------------------|
| As at 1 January 2023, 31 December 2023 and 1 January 2024       | <u>22,027</u>            |
| Issue of new shares (note a)                                    | 2,648                    |
| Capital contribution from employee incentive platforms (note b) | <u>2,099</u>             |
| As at 31 December 2024, 1 January 2025 and 30 April 2025        | <u>26,774</u>            |

#### Notes:

- (a) On 24 July 2023, the Company passed shareholders' resolutions and approved the increase of the registered capital of the Company from RMB24,852,000 to RMB25,100,000 for employee incentive platforms. On 28 December 2023, the Company passed shareholders' resolutions and approved, among other things, the increase of the registered capital of the Company from RMB25,100,000 to RMB26,774,000, the capital contribution by shareholders related to the increase of the registered capital was settled in March 2024.
- (b) In March 2024, the consideration of RMB12,860,000 for registered capital of RM B3,073,000 was settled by employee incentive platforms. As at 31 December 2024, the share capital of the Company was RMB26,774,000 and fully paid.

# **GENFLEET THERAPEUTICS (SHANGHAI) INC.**

## **NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

### **28. RESERVES**

#### **The Group**

The amounts of the Group's share premium and other reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in equity.

#### **(a) Share premium**

The share premium of the Group 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 awards as set out in Note 29 to the financial statements.

#### **(c) Other reserves**

Other reserves of the Group represent the carrying amounts of the equity shares with redemption features as stipulated in Note 25 to the financial statements.

#### **(d) Foreign currency translation reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 28. RESERVES (continued)

#### The Company

|  | Share premium<br>RMB'000 | Share-based<br>payment<br>reserve<br>RMB'000 | Other reserves<br>RMB'000 | Accumulated<br>losses<br>RMB'000 | Total<br>RMB'000 |
|--|--------------------------|--|---------------------------|----------------------------------|------------------|
| At 1 January 2023  | 1,246,080                | 1,555  | (1,264,082)               | (621,076)                        | (637,523)        |
| Loss for the year  | -                        | -  | -                         | (396,208)                        | (396,208)        |
| Total comprehensive loss<br>for the year                     | -                        | -  | -                         | (396,208)                        | (396,208)        |
| Share-based payment<br>compensation                          | -                        | 36,968                                       | -                         | -                                | 36,968           |
| At 31 December 2023 and 1<br>January 2024                    | 1,246,080                | 38,523                                       | (1,264,082)               | (1,017,284)                      | (996,763)        |
| Loss for the year  | -                        | -  | -                         | (582,669)                        | (582,669)        |
| Total comprehensive loss<br>for the year                     | -                        | -  | -                         | (582,669)                        | (582,669)        |
| Issue of new shares  | 193,338                  | -  | -                         | -                                | 193,338          |
| Capital contribution from<br>employee incentive<br>platforms | 9,786                    | -  | -                         | -                                | 9,786            |
| Capitalisation Issue<br>(note a)                             | (734,351)                | -  | -                         | 734,351                          | -                |
| Recognition of redemption<br>liabilities on equity shares    | -                        | -  | (195,011)                 | -                                | (195,011)        |
| Share-based payment<br>compensation                          | -                        | 26,942                                       | -                         | -                                | 26,942           |
| At 31 December 2024 and 1<br>January 2025                    | 714,853                  | 65,465                                       | (1,459,093)               | (865,602)                        | (1,544,377)      |
| Loss for the period  | -                        | -  | -                         | (42,797)                         | (42,797)         |
| Total comprehensive loss<br>for the period                   | -                        | -  | -                         | (42,797)                         | (42,797)         |
| Share-based payment<br>compensation                          | -                        | 8,776  | -                         | -                                | 8,776            |
| At 30 April 2025   | 714,853                  | 74,241                                       | (1,459,093)               | (908,399)                        | (1,578,398)      |

Note:

- (a) On 29 September 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under PRC Generally Accepted Accounting Principles as of the conversion base date, including paid-in capital, share premium and accumulated losses, amounting to RMB760,278,237 were converted into 26,774,063 share capital at RMB1.00 each.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 29. SHARE-BASED PAYMENTS

#### *Employee Incentive Scheme*

The Company adopted a share incentive plan ("Employee Incentive Scheme") in 2020, as amended and restated in 2023, for the purpose of attracting and retaining the best talents who promote the success of the Group's operations. Eligible participants of the Employee Incentive Scheme include the certain directors of the Company, and employees of the Group. Pursuant to the adopted Employee Incentive Scheme in 2023, 2,383,606 shares of the Company were allocated to four employee incentive platforms. The restricted shares granted to each grantee shall vest and tradeable upon one year anniversary of the listing date of the Company. The eligible participants would be repaid with original subscription price plus single digit interest if employment were terminated before the vesting date. After taking into consideration of the best estimation of the listing date, the management determined the vesting period of the relevant restricted shares based on the above performance conditions and service requirements. As such, the share-based payment expenses are amortised during the vesting period.

The fair value of services received in return for shares granted to employees and directors was measured by reference to the fair value of the shares granted and the subscription price paid by employees and directors. During the Relevant Periods, the Company granted nil, 2,226,857 and 42,000 restricted shares, respectively, with fair values ranging from RMB24.67 to RMB60.83 per share.

Details of the granted shares are as follows:

| Date of grant | Number of restricted shares | Subscription price per share | Fair value of the underlying shares |
|---------------|-----------------------------|------------------------------|-------------------------------------|
| 2020/12/21    | 246,000                     | RMB0.0000                    | RMB24.67                            |
| 2023/10/31    | 1,098,607                   | RMB5.6658                    | RMB53.65                            |
| 2023/10/31    | 128,250                     | RMB0.0000                    | RMB53.65                            |
| 2023/9/30     | 1,000,000                   | RMB5.7562                    | RMB53.65                            |
| 2024/2/29     | 8,000                       | RMB5.6658                    | RMB53.65                            |
| 2024/4/30     | 10,000                      | RMB5.6658                    | RMB60.83                            |
| 2024/5/31     | 16,000                      | RMB5.6658                    | RMB60.83                            |
| 2024/6/7      | 2,000                       | RMB0.0000                    | RMB60.83                            |
| 2024/6/7      | 6,000                       | RMB5.6658                    | RMB60.83                            |
| 2024/7/12     | 8,000                       | RMB5.6658                    | RMB60.83                            |
| Total         | <u>2,522,857</u>            |                              |                                     |

The following numbers of restricted shares were outstanding under the Employee Incentive Scheme during the Relevant Periods:

|                                     | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|-------------------------------------|---|---|--|
| At the beginning of the year/period | 171,000                                     | 2,383,607                                   | 2,383,607                                |
| Granted during the year/period      | 2,226,857                                   | 50,000                                      | -  |
| Forfeited during the year/period    | <u>(14,250)</u>                             | <u>(50,000)</u>                             | <u>-</u>                                 |
| At the end of the year/period       | <u>2,383,607</u>                            | <u>2,383,607</u>                            | <u>2,383,607</u>                         |

During the Relevant Periods and the four months ended 30 April 2024, share-based payment compensation expenses of RMB36,968,000, RMB26,942,000, RMB8,776,000 and RMB9,584,000 (unaudited) were charged to profit or loss.

**GENFLEET THERAPEUTICS (SHANGHAI) INC.**

**NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

**29. SHARE-BASED PAYMENTS (continued)**

The fair values of the restricted shares as at the grant date were determined with reference to the fair value of ordinary shares on the grant dates, using back-solve method. Major inputs used for the determination of the fair values of ordinary shares are listed as follows:

|                                    | At grant dates |
|------------------------------------|----------------|
| Expected volatility                | 54%-58%        |
| Risk-free interest rate            | 2.08%-2.86%    |
| Discount for lack of marketability | 15.09%-22.24%  |

**30. INVESTMENTS IN SUBSIDIARIES**

**The Company**

|                 | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|-----------------|---|---|--|
| Investment Cost | <u>303,526</u>                              | <u>398,352</u>                              | <u>411,740</u>                           |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

#### (a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of nil and nil and non-cash additions to lease liabilities of nil and nil, respectively, in respect of lease arrangements for office premises.

#### (b) Changes in liabilities arising from financing activities

|   | Lease liabilities<br>RMB'000 | Interest-bearing bank borrowings<br>RMB'000 | Redemption liabilities on equity shares<br>RMB'000 | Accrued transaction cost on issue of redemption liabilities on equity shares in trade and other payables<br>RMB'000 | Accrued listing expenses included in trade and other payable<br>RMB'000 |
|---|------------------------------|---|--|---|---|
| At 1 January 2023   | 31,763                       | 22,767                                      | 1,379,515  | 4,717   | -   |
| Changes from financing cash flows                               |                              |   |  |   |   |
| Additions   | -                            | 5,312                                       | -  | -   | -   |
| Payments  | (6,768)                      | (22,886)                                    | -  | (4,717)   | -   |
| Accretion of interest recognised during the year                | 1,366                        | 119   | -  | -   | -   |
| Change in fair value of redemption liabilities on equity shares | -                            | -   | 256,993  | -   | -   |
| At 31 December 2023 and 1 January 2024                          | 26,361                       | 5,312                                       | 1,636,508  | -   | -   |
| Changes from financing cash flows                               |                              |   |  |   |   |
| Additions   | -                            | 56,928                                      | 195,011  | 11,840  | 3,122   |
| Payments  | (6,256)                      | (11,989)                                    | -  | (11,840)  | (1,276)   |
| Accretion of interest recognised during the year                | 1,112                        | 877   | -  | -   | -   |
| Change in fair value of redemption liabilities on equity shares | -                            | -   | 382,602  | -   | -   |
| Lease reassessment  | (2,997)                      | -   | -  | -   | -   |
| At 31 December 2024 and 1 January 2025                          | 18,220                       | 51,128                                      | 2,214,121  | -   | 1,846   |
| Changes from financing cash flows                               |                              |   |  |   |   |
| Additions   | 173                          | 54,900                                      | -  | -   | 1,552   |
| Payments  | (2,458)                      | (21,529)                                    | -  | -   | (2,731)   |
| Accretion of interest recognised during the period              | 271                          | 618   | -  | -   | -   |
| Change in fair value of redemption liabilities on equity shares | -                            | -   | 50,692   | -   | -   |
| At 30 April 2025  | 16,206                       | 85,117                                      | 2,264,813  | -   | 667   |

**GENFLEET THERAPEUTICS (SHANGHAI) INC.****NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

**31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

## (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 |                 | Four months ended 30 April     |                 |
|-----------------------------|------------------------|-----------------|--------------------------------|-----------------|
|                             | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Within operating activities | 1,540                  | 961             | 375                            | 387             |
| Within financing activities | 6,768                  | 6,256           | 2,016                          | 2,458           |
| Total                       | <u>8,308</u>           | <u>7,217</u>    | <u>2,391</u>                   | <u>2,845</u>    |

**32. COMMITMENTS**

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

|                               | As at 31 December<br>2023<br>RMB'000 | As at 31 December<br>2024<br>RMB'000 | As at 30 April<br>2025<br>RMB'000 |
|-------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|
| Property, plant and equipment | <u>5</u>                             | <u>1</u>                             | <u>-</u>                          |

**33. RELATED PARTY TRANSACTIONS**

## (a) Names and relationships

| Name of related parties                                       | Relationship with the Group |
|---|-----------------------------|
| Hongyong Binde (Hong Kong) Limited(鴻永秉德(香港)有限公司) ("Hongyong") | shareholder of the Company* |

\* Hongyong has significant influence over the Group as Hongyong had a representation on the board of directors of the Company.

## (b) Significant related party transactions

|                                   | Year ended 31 December |                 | Four months ended 30 April     |                 |
|-----------------------------------|------------------------|-----------------|--------------------------------|-----------------|
|                                   | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Rendering of services<br>Hongyong | <u>-</u>               | <u>1,191</u>    | <u>1,191</u>                   | <u>-</u>        |

**GENFLEET THERAPEUTICS (SHANGHAI) INC.****NOTES TO FINANCIAL STATEMENTS(continued)**

31 December 2023 and 2024 and 30 April 2025

**33. RELATED PARTY TRANSACTIONS (continued)**

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

|   | Year ended 31 December |                 | Four months ended 30 April     |                 |
|---|------------------------|-----------------|--------------------------------|-----------------|
|   | 2023<br>RMB'000        | 2024<br>RMB'000 | 2024<br>RMB'000<br>(unaudited) | 2025<br>RMB'000 |
| Salaries, allowances and benefits in kind           | 2,757                  | 1,996           | 322                            | 994             |
| Performance related bonuses                         | 2,888                  | 3,328           | 1,109                          | 842             |
| Pension scheme contributions                        | -                      | -               | -                              | -               |
| Equity-settled share award expense                  | <u>31,090</u>          | <u>-</u>        | <u>-</u>                       | <u>-</u>        |
| Total compensation paid to key management personnel | <u>36,735</u>          | <u>5,324</u>    | <u>1,431</u>                   | <u>1,836</u>    |

Further details of directors' and supervisors' emoluments are included in Note 10 to the financial statements.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 34. FINANCIAL INSTRUMENTS BY CATEGORY

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

#### The Group

##### Financial assets

|   | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|---|---|---|--|
| Financial assets at amortised cost:                               |   |   |  |
| Trade receivables   | 72,353                                      | 109,153                                     | 97,518                                   |
| Financial assets included in prepayments<br>and other receivables | 14,324                                      | 24,073                                      | 9,906                                    |
| Cash and cash equivalents   | 332,197                                     | 362,125                                     | 390,766                                  |
| Time deposits   | 31,752                                      | 32,790                                      | -  |
| Total   | <u>450,626</u>                              | <u>528,141</u>                              | <u>498,190</u>                           |

##### Financial liabilities

|   | <u>As at 31 December</u><br>2023<br>RMB'000 | <u>As at 31 December</u><br>2024<br>RMB'000 | <u>As at 30 April</u><br>2025<br>RMB'000 |
|---|---|---|--|
| Financial liabilities at FVTPL                                |   |   |  |
| Redemption liabilities on equity shares                       | <u>1,636,508</u>                            | <u>2,214,121</u>                            | <u>2,264,813</u>                         |
| Financial liabilities at amortised cost:                      |   |   |  |
| Interest-bearing bank borrowings                              | 5,312                                       | 51,128                                      | 85,117                                   |
| Financial liabilities included in trade and<br>other payables | <u>62,103</u>                               | <u>218,711</u>                              | <u>206,590</u>                           |
| Total   | <u>67,415</u>                               | <u>269,839</u>                              | <u>291,707</u>                           |

## GENFLEET THERAPEUTICS (SHANGHAI) INC.

### NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

#### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

##### *Fair values*

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments and other receivables (in the current portion), financial liabilities included in trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial assets and financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

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

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

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits products issued by banks. The fair values are based on cash flows discounted using the expected yield rate.

The fair values of the redemption liabilities on equity shares measured at FVTPL are determined using the OPM. Further details are set out in note 25 to the financial statements.



# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy

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

#### The Group

##### Liabilities measured at fair value:

|  | Fair value measurement using                               |  |   | Total<br>RMB'000 |
|--|--|--|---|------------------|
|  | Quoted prices in<br>active markets<br>(Level 1)<br>RMB'000 | Significant<br>observable inputs<br>(Level 2)<br>RMB'000 | Significant<br>unobservable<br>inputs<br>(Level 3)<br>RMB'000 |                  |
| As at 31 December 2023<br>Redemption liabilities on<br>equity shares | -  | -  | 1,636,508   | 1,636,508        |
| As at 31 December 2024<br>Redemption liabilities on<br>equity shares | -  | -  | 2,214,121   | 2,214,121        |
| As at 30 April 2025<br>Redemption liabilities on<br>equity shares    | -  | -  | 2,264,813   | 2,264,813        |

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.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Below is a 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:

As at 31 December 2023:

|   | Valuation technique | Significant unobservable inputs | Range  | Sensitivity of fair value to the input  |
|---|---------------------|---------------------------------|--------|---|
| Redemption liabilities on equity shares | Back-solve method   | Risk-free interest rate         | 2.08%  | 1% increase/decrease in risk-free interest rate would result in decrease/increase fair value by RMB(962,000)/RMB3,091,000 |
|   |                     | Volatility                      | 58.00% | 1% increase/decrease in volatility would result in decrease/increase fair value by RMB(622,000)/RMB611,000                |
|   |                     | DLOM                            | 15.09% | 1% increase/decrease in DLOM would result in decrease/increase in fair value by RMB(18,917,000)/RMB18,917,000             |

As at 31 December 2024:

|   | Valuation technique | Significant unobservable inputs | Range  | Sensitivity of fair value to the input  |
|---|---------------------|---------------------------------|--------|---|
| Redemption liabilities on equity shares | Back-solve method   | Risk-free interest rate         | 1.14%  | 1% increase/decrease in risk-free interest rate would result in decrease/increase fair value by RMB(3,574,000)/RMB5,732,000 |
|   |                     | Volatility                      | 56.00% | 1% increase/decrease in volatility would result in decrease/ increase fair value by RMB(1,034,000)/RMB1,023,000             |
|   |                     | DLOM                            | 14.60% | 1% increase/decrease in DLOM would result in decrease/ increase in fair value by RMB(25,523,000)/RMB25,523,000              |

As at 30 April 2025:

|   | Valuation technique | Significant unobservable inputs | Range  | Sensitivity of fair value to the input  |
|---|---------------------|---------------------------------|--------|---|
| Redemption liabilities on equity shares | Back-solve method   | Risk-free interest rate         | 1.47%  | 1% increase/decrease in risk-free interest rate would result in decrease/increase fair value by RMB(1,962,000)/RMB2,647,000 |
|   |                     | Volatility                      | 58.00% | 1% increase/decrease in volatility would result in decrease/increase fair value by RMB(807,000)/RMB795,000                  |
|   |                     | DLOM                            | 14.10% | 1% increase/decrease in DLOM would result in decrease/increase in fair value by RMB(26,121,000)/RMB26,121,000               |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Foreign currency risk

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

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD and AUD exchange rates, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair value of monetary assets and liabilities).

|                                | Increase/(decrease)<br>in rate of foreign<br>currency<br>% | Increase/(decrease)<br>in loss before tax<br>RMB'000 | Increase/(decrease)<br>in equity<br>RMB'000 |
|--------------------------------|--|--|---|
| 31 December 2023               |  |  |   |
| If RMB weakens against USD     | 5  | (1,001)  | 1,001                                       |
| If RMB strengthens against USD | (5)  | 1,001  | (1,001)                                     |
| If RMB weakens against AUD     | 5  | (910)  | 910   |
| If RMB strengthens against AUD | (5)  | 910  | (910)                                       |
| 31 December 2024               |  |  |   |
| If RMB weakens against USD     | 5  | (194)  | 194   |
| If RMB strengthens against USD | (5)  | 194  | (194)                                       |
| If RMB weakens against AUD     | 5  | (919)  | 919   |
| If RMB strengthens against AUD | (5)  | 919  | (919)                                       |
| 30 April 2025                  |  |  |   |
| If RMB weakens against USD     | 5  | (1,815)  | 1,815                                       |
| If RMB strengthens against USD | (5)  | 1,815  | (1,815)                                     |
| If RMB weakens against AUD     | 5  | (553)  | 553   |
| If RMB strengthens against AUD | (5)  | 553  | (553)                                       |

#### 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. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

The Group's credit risk is primarily attributable to trade receivables. The Group has applied the simplified approach to provide for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The directors of the Company are of the opinion that the ECL in respect of the balance of trade receivables is minimal. No loss allowance for impairment of trade receivables is provided as at 30 April 2025.

For other receivables and other non-current assets, management has assessed that during the years ended 31 December 2023 and 2024, and the four months ended 30 April 2025, other receivables and other non-current assets have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group does not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables and other non-current assets was recognized.

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit risk (continued)

To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2023 and 2024 and 30 April 2025, the Group has assessed that the expected loss rate for other receivables was immaterial. Thus no loss allowance provision for other receivables was recognized as at 31 December 2023 and 2024 and 30 April 2025.

#### Liquidity risk

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

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

#### The Group

|  | As at 31 December 2023   |                         |                         | Total<br>RMB'000 |
|--|--------------------------|-------------------------|-------------------------|------------------|
|  | Within 1 year<br>RMB'000 | 1 to 5 years<br>RMB'000 | Over 5 years<br>RMB'000 |                  |
| Financial liabilities included in trade and other payables | 62,103                   | -                       | -                       | 62,103           |
| Interest-bearing bank borrowings                           | 5,399                    | -                       | -                       | 5,399            |
| Redemption liabilities on equity shares                    | 1,715,411                | -                       | -                       | 1,715,411        |
| Lease liabilities  | 5,981                    | 24,681                  | -                       | 30,662           |
| <b>Total</b>   | <b>1,788,894</b>         | <b>24,681</b>           | <b>-</b>                | <b>1,813,575</b> |
|  | As at 31 December 2024   |                         |                         | Total<br>RMB'000 |
|  | Within 1 year<br>RMB'000 | 1 to 5 years<br>RMB'000 | Over 5 years<br>RMB'000 |                  |
| Financial liabilities included in trade and other payables | 166,306                  | 57,507                  | -                       | 223,813          |
| Interest-bearing bank borrowings                           | 51,637                   | -                       | -                       | 51,637           |
| Redemption liabilities on equity shares                    | 2,082,681                | -                       | -                       | 2,082,681        |
| Lease liabilities  | 5,014                    | 15,015                  | -                       | 20,029           |
| <b>Total</b>   | <b>2,305,638</b>         | <b>72,522</b>           | <b>-</b>                | <b>2,378,160</b> |

# GENFLEET THERAPEUTICS (SHANGHAI) INC.

## NOTES TO FINANCIAL STATEMENTS(continued)

31 December 2023 and 2024 and 30 April 2025

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk (continued)

|  | As at 30 April 2025      |                         |                         | Total<br>RMB'000 |
|--|--------------------------|-------------------------|-------------------------|------------------|
|  | Within 1 year<br>RMB'000 | 1 to 5 years<br>RMB'000 | Over 5 years<br>RMB'000 |                  |
| Financial liabilities included in trade and other payables | 153,063                  | 57,611                  | -                       | 210,674          |
| Interest-bearing bank borrowings                           | 86,405                   | -                       | -                       | 86,405           |
| Redemption liabilities on equity shares                    | 2,140,215                | -                       | -                       | 2,140,215        |
| Lease liabilities  | 5,288                    | 13,688                  | -                       | 18,976           |
| Total  | 2,384,971                | 71,299                  | -                       | 2,456,270        |

#### 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.

### 37. EVENT AFTER THE RELEVANT PERIOD

No significant events of the Group occurred after 30 April 2025.

### 38. 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 April 2025.