

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



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GENFLEET THERAPEUTICS (SHANGHAI) INC. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of GENFLEET THERAPEUTICS (SHANGHAI) INC. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-68, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024, and the four months ended 30 April 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023 and 2024 and 30 April 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-68 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 11 September 2025 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' Responsibility for the Historical Financial Information

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

Reporting Accountants' Responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and 2024 and 30 April 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

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

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Four months ended 30 April	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (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)
Loss before change in fair value of redemption liabilities on equity shares		(251,331)	(295,039)	(163,226)	(15,932)
Change in fair value of redemption liabilities on equity shares	25	(256,993)	(382,602)	(241,461)	(50,692)
LOSS BEFORE TAX	9	(508,324)	(677,641)	(404,687)	(66,624)
Income tax expense	12	–	–	–	–
LOSS FOR THE YEAR/PERIOD		(508,324)	(677,641)	(404,687)	(66,624)
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
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD		(507,590)	(678,752)	(405,311)	(66,154)
Attributable to:					
Owners of the Company		(507,590)	(678,752)	(405,311)	(66,154)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (expressed in RMB)					
Basic and diluted	14	(23.08)	(26.20)	(16.86)	(2.49)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	As at 31 December	As at 30 April
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
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	—	—
Total non-current assets		85,390	38,573	35,465
CURRENT ASSETS				
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
Total current assets		450,744	568,248	545,215
CURRENT LIABILITIES				
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
Total current liabilities		1,832,107	2,493,429	2,525,029
NET CURRENT LIABILITIES		(1,381,363)	(1,925,181)	(1,979,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,295,973)	(1,886,608)	(1,944,349)
NON-CURRENT LIABILITIES				
Lease liabilities	16	20,835	13,977	12,861
Deferred income	23	503	—	—
Trade and other payables	21	—	55,676	56,429
Total non-current liabilities		21,338	69,653	69,290
Net liabilities		(1,317,311)	(1,956,261)	(2,013,639)
DEFICIENCY IN EQUITY				
Equity attributable to owners of the Company				
Paid-in capital/Share capital	27	22,027	26,774	26,774
Reserves	28	(1,339,338)	(1,983,035)	(2,040,413)
Controlling interests		(1,317,311)	(1,956,261)	(2,013,639)
Net deficits		(1,317,311)	(1,956,261)	(2,013,639)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Paid-in capital	Share premium	Share- based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	22,027	1,246,080	1,555	(1,264,082)	(1,098)	(851,171)	(846,689)
Exchange translation differences	–	–	–	–	734	–	734
Loss for the year	–	–	–	–	–	(508,324)	(508,324)
Total comprehensive loss for the year	–	–	–	–	734	(508,324)	(507,590)
Share-based payment compensation (<i>note 29</i>) . . .	–	–	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>

Year ended 31 December 2024

	Paid-in capital/ Share capital	Share premium	Share- based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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 differences	–	–	–	–	(1,111)	–	(1,111)
Loss for the year	–	–	–	–	–	(677,641)	(677,641)
Total comprehensive loss for the year	–	–	–	–	(1,111)	(677,641)	(678,752)
Issue of new shares (note 27)	2,648	193,338	–	–	–	–	195,986
Capital contributions from employee incentive platform (note 27)	2,099	9,786	–	–	–	–	11,885
Conversion into a joint stock company ("Capitalisation Issue") . .	–	(734,351)	–	–	–	734,351	–
Recognition of redemption liabilities on equity shares (note 25)	–	–	–	(195,011)	–	–	(195,011)
Share-based payment 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>

Four months ended 30 April 2024

	Paid-in capital	Share premium	Share- based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	22,027	1,246,080	38,523	(1,264,082)	(364)	(1,359,495)	(1,317,311)
Exchange translation differences	–	–	–	–	(624)	–	(624)
Loss for the period	–	–	–	–	–	(404,687)	(404,687)
Total comprehensive loss for the period	–	–	–	–	(624)	(404,687)	(405,311)
Issue of new shares (note 27)	2,648	193,338	–	–	–	–	195,986
Capital contributions from employee incentive platform (note 27)	2,099	9,786	–	–	–	–	11,885
Recognition of redemption liabilities on equity shares (note 25)	–	–	–	(195,011)	–	–	(195,011)
Share-based payment 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>

Four months ended 30 April 2025

	Share capital	Share premium	Share- based payment reserve	Other reserves	Foreign currency translation reserve	Accumulated losses	Net deficits
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	26,774	714,853	65,465	(1,459,093)	(1,475)	(1,302,785)	(1,956,261)
Exchange translation differences	–	–	–	–	470	–	470
Loss for the period	–	–	–	–	–	(66,624)	(66,624)
Total comprehensive loss for the period	–	–	–	–	470	(66,624)	(66,154)
Share-based payment 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

		Year ended 31 December		Four months ended 30 April	
	Notes	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES					
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)
CASH FLOWS FROM INVESTING ACTIVITIES					
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	–

APPENDIX I
ACCOUNTANTS' REPORT

	<i>Notes</i>	Year ended 31 December		Four months ended 30 April	
		2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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		<u>263,443</u>	<u>730</u>	<u>(122,716)</u>	<u>33,140</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
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		<u>(4,717)</u>	<u>(11,840)</u>	<u>(6,698)</u>	<u>–</u>
Net cash flows (used in)/from financing activities		<u>(29,059)</u>	<u>233,438</u>	<u>204,905</u>	<u>28,182</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		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		<u>4,552</u>	<u>2,160</u>	<u>585</u>	<u>1,364</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	20	<u>332,197</u>	<u>362,125</u>	<u>278,026</u>	<u>390,766</u>
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		<u>–</u>	<u>106,899</u>	<u>–</u>	<u>82,122</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>332,197</u>	<u>362,125</u>	<u>278,026</u>	<u>390,766</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December	As at 31 December	As at 30 April
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
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
CURRENT ASSETS				
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
CURRENT LIABILITIES				
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)
NON-CURRENT LIABILITIES				
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)
EQUITY				
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)

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

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/ registration and place of operations	Issued ordinary share/ registered capital	Issued ordinary share/registered capital		Principal activities
			Direct	Indirect	
Zhejiang GenFleet Therapeutics Co., Ltd (浙江勁方藥業有限公司)* (note a)	PRC/Mainland China 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)* (note a)	PRC/Mainland China 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)* (note a)	PRC/Mainland China 1 November 2023	RMB50,000,000	100%	–	Technical services, technology development and production of drugs
GENFLEET THERAPEUTICS INC. (note a)	United States 13 April 2020	United States Dollars (“USD”) 15,000,000	100%	–	Research and development of innovative drugs
GENFLEET THERAPEUTICS (AUSTRALIA) PTY LTD (note a)	Australia 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.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs 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 Historical Financial Information 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 and net liabilities of RMB2,013,639,000 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. The redemption liabilities on equity shares will not result in future cash payments within the next twelve months from 30 April 2025 because as set out in the paragraph headed “Rights of the Pre-IPO Investors — HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE” to this prospectus, 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.

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

Basis of consolidation

The Historical Financial Information includes 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.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</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 7¹</i>

1 Effective for annual periods beginning on or after 1 January 2026

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

3 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.

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.

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.

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
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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.

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
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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.

(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.

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.

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.

- | | | |
|---------|---|---|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs. |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs. |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs. |

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.

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.

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.

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.

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.

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 IFRS 11 *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.

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 Historical Financial Information.

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

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.

Borrowing costs

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

Foreign currencies

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

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 Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the 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.

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 Historical Financial Information.

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 Historical Financial Information). 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.

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	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	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	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	1,955	—	—	—
Customer B	71,779	104,703	—	4,310
Customer C	—	—	—	77,618
Total	<u>73,734</u>	<u>104,703</u>	<u>—</u>	<u>81,928</u>

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers**(a) Disaggregated revenue information**

	Year ended 31 December		Four months ended 30 April	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Type of services				
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	<u>73,734</u>	<u>104,703</u>	<u>—</u>	<u>82,149</u>
Timing of revenue recognition				
Transferred at a point in time	71,779	104,703	—	80,869
Transferred overtime	1,955	—	—	1,280
Total	<u>73,734</u>	<u>104,703</u>	<u>—</u>	<u>82,149</u>

(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.

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. Details of the agreement please refer to "BUSINESS" to this prospectus. 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.

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:				
Within one year	87,554	32,631	–	–
After one year	14,360	9,573	14,360	12,348
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.

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
<u>Other income</u>				
Government grants	21,786	6,869	678	242
Bank interest income	<u>10,767</u>	<u>17,228</u>	<u>4,186</u>	<u>4,986</u>
<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	<u>6</u>	<u>5</u>	<u>1</u>	<u>–</u>
Total	<u>39,964</u>	<u>28,531</u>	<u>6,534</u>	<u>6,122</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Four months ended 30 April	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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	<u>119</u>	<u>877</u>	<u>52</u>	<u>618</u>
Total	<u>1,485</u>	<u>17,963</u>	<u>13,615</u>	<u>2,005</u>

8. OTHER EXPENSES

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

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 (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.

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	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	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	<u>56,643</u>	<u>32,871</u>	<u>9,846</u>	<u>9,799</u>

Directors and supervisors:

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

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

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

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

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 Historical Financial Information. 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 Historical Financial Information 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.

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
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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
	<i>Number of employees</i>	<i>Number of employees</i>	<i>Number of employees</i> <i>(unaudited)</i>	<i>Number of employees</i>
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.

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.

	Year ended 31 December		Four months ended 30 April	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (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, while Zhejiang GenFleet Therapeutics Co., Ltd. has been eligible for this additional deduction since 1 January 2022.

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

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
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	24,872	2,312	818	3,394	31,396
At 1 January 2023, net of accumulated depreciation	24,872	2,312	818	3,394	31,396
Additions	547	169	–	141	857
Disposal	(88)	(62)	–	–	(150)
Depreciation provided during the year	(7,519)	(1,139)	(243)	(2,601)	(11,502)
At 31 December 2023, net of accumulated depreciation	17,812	1,280	575	934	20,601
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	17,812	1,280	575	934	20,601

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024:					
At 1 January 2024:					
Cost	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 accumulated depreciation	17,812	1,280	575	934	20,601
Additions	33	2	–	201	236
Disposal	(2)	(11)	–	–	(13)
Depreciation provided during the year	<u>(6,424)</u>	<u>(695)</u>	<u>(242)</u>	<u>(1,135)</u>	<u>(8,496)</u>
At 31 December 2024, net of 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>

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 April 2025					
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 accumulated depreciation	11,419	576	333	–	12,328
Additions	11	–	–	–	11
Disposal	(3)	–	–	–	(3)
Depreciation provided during the period	<u>(1,846)</u>	<u>(84)</u>	<u>(81)</u>	<u>–</u>	<u>(2,011)</u>
At 30 April 2025, net of 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.

The Company

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
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 accumulated depreciation	21,489	2,036	818	3,393	27,736
Additions	484	168	—	128	780
Disposal	(51)	(50)	—	—	(101)
Depreciation provided during the year	<u>(6,481)</u>	<u>(1,014)</u>	<u>(243)</u>	<u>(2,597)</u>	<u>(10,335)</u>
At 31 December 2023, net of 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>

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	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 accumulated depreciation	15,441	1,140	575	924	18,080
Additions	2	2	—	202	206
Disposal	(2)	(10)	—	—	(12)
Depreciation provided during the year	<u>(5,448)</u>	<u>(592)</u>	<u>(242)</u>	<u>(1,126)</u>	<u>(7,408)</u>
At 31 December 2024, net of 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>

	Machinery and equipment	Computer and office equipment	Motor Vehicles	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 April 2025					
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 accumulated depreciation	9,993	540	333	–	10,866
Additions	10	–	–	–	10
Depreciation provided during the period	<u>(1,620)</u>	<u>(79)</u>	<u>(81)</u>	<u>–</u>	<u>(1,780)</u>
At 30 April 2025, net of 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.

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
	<i>RMB'000</i>
As at 31 December 2023	
As at 1 January 2023	29,528
Depreciation charge	<u>(6,167)</u>
As at 31 December 2023.	<u>23,361</u>

Office premises

RMB'000

As at 31 December 2024

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

RMB'000

As at 30 April 2025

As at 1 January 2025	15,412
Addition	173
Depreciation charge	(1,373)
As at 30 April 2025	<u>14,212</u>

(b) Lease liabilities

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

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 RMB'000
Carrying amount at 1 January	31,763	26,361	18,220
New leases	—	—	173
Accretion of interest recognised 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 Historical Financial Information.

(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 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 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 low-value leases	<u>1,540</u>	<u>961</u>	<u>375</u>	<u>387</u>
Total amount recognised in profit or 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 Historical Financial Information.

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

(b) Lease liabilities

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

	As at 31 December 2023 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>	As at 30 April 2025 <i>RMB'000</i>
Carrying amount at 1 January	31,574	26,334	18,220
Accretion of interest recognised during the year/period	1,361	1,111	270
Payments	(6,601)	(6,228)	(2,458)
Lease reassessment	<u>—</u>	<u>(2,997)</u>	<u>—</u>
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	<u>20,835</u>	<u>13,977</u>	<u>12,861</u>

The maturity analysis of lease liabilities is disclosed in Note 36 to the Historical Financial Information.

(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 (unaudited)	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 low-value leases	1,500	943	375	369
Total amount recognised in profit or loss	<u>8,938</u>	<u>6,931</u>	<u>2,089</u>	<u>1,979</u>

17. INTANGIBLE ASSETS

The Group and the Company

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

31 December 2024	
At 1 January 2024:	
Cost	1,754
Accumulated amortisation	(353)
Net carrying amount	<u>1,401</u>
At 1 January 2024, net of accumulated amortisation	1,401
Addition	32
Amortisation provided during the year	(176)
At 31 December 2024, net of accumulated amortisation	<u>1,257</u>
At 31 December 2024:	
Cost	1,786
Accumulated amortisation	(529)
Net carrying amount	<u>1,257</u>

Software

RMB'000

30 April 2025

At 1 January 2025:

Cost	1,786
Accumulated amortisation	(529)
Net carrying amount	<u>1,257</u>
At 1 January 2025, net of accumulated amortisation	1,257
Addition	–
Amortisation provided during the period	(59)
At 30 April 2025, net of accumulated amortisation	<u>1,198</u>
At 30 April 2025:	
Cost	1,786
Accumulated amortisation	(588)
Net carrying amount	<u>1,198</u>

18. TRADE RECEIVABLE**The Group**

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

The Company

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	72,353	109,153	97,518
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.

19. PREPAYMENTS AND OTHER RECEIVABLES**The Group**

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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	<u>160</u>	<u>197</u>	<u>199</u>
Total	<u>8,275</u>	<u>9,576</u>	<u>9,730</u>
Current:			
Prepayments for research and development			
services and other 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	<u>—</u>	<u>3,122</u>	<u>4,674</u>
Total	<u>44,136</u>	<u>58,594</u>	<u>56,013</u>

The Company

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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 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.

20. TIME DEPOSITS AND CASH AND CASH EQUIVALENTS**The Group**

Cash and cash equivalents

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

Time deposits

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 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	–

The Company

Cash and cash equivalents

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 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 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 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.

21. TRADE AND OTHER PAYABLES

The Group

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 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:

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 RMB'000
Within 3 months	8,355	6,292	10,836
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.

The Company

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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.

22. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

As at 31 December 2023			
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current:			
Bank loans-unsecured.	2.85-2.95	2024	<u>5,312</u>

As at 31 December 2024			
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current:			
Bank loans-unsecured.	2.50-2.90	2025	<u>51,128</u>

As at 30 April 2025			
	Effective interest rate per annum	Maturity	RMB'000
	%		
Current:			
Bank loans-unsecured.	2.50-2.75	2025-2026	<u>85,117</u>

	As at 31 December 2023	As at 31 December 2024	As at 30 April 2025
	RMB'000	RMB'000	RMB'000
Bank loans repayable:			
Within one year	<u>5,312</u>	<u>51,128</u>	<u>85,117</u>

23. DEFERRED INCOME

The Group

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

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

	Year ended 31 December		Four months ended 30 April	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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 .	(21,786)	(6,869)	(678)	(242)
At end of the year/period . . .	<u>503</u>	<u>–</u>	<u>53</u>	<u>–</u>

24. CONTRACT LIABILITIES

The Group and the Company

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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.

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.

(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.

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.

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

The Group and the Company

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

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	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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 assets	Total
	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>2,139</u>	<u>2,139</u>

Deferred tax assets

	Tax Losses	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>–</u>	<u>2,139</u>	<u>2,139</u>

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

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>–</u>	<u>–</u>	<u>–</u>

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

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 RMB3,073,000 was settled by employee incentive platforms. As at 31 December 2024, the share capital of the Company was RMB26,774,000 and fully paid.

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 Historical Financial Information.

(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 Historical Financial Information.

(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.

The Company

	Share premium	Share-based payment reserve	Other reserves	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	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 for the year	—	—	—	(396,208)	(396,208)
Share-based payment compensation	—	36,968	—	—	36,968
At 31 December 2023 and 1 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 for the year	—	—	—	(582,669)	(582,669)
Issue of new shares	193,338	—	—	—	193,338
Capital contribution from employee incentive platforms	9,786	—	—	—	9,786
Capitalisation Issue (note a).	(734,351)	—	—	734,351	—
Recognition of redemption liabilities on equity shares	—	—	(195,011)	—	(195,011)
Share-based payment compensation	—	26,942	—	—	26,942
At 31 December 2024 and 1 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 for the period	—	—	—	(42,797)	(42,797)
Share-based payment 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.

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:

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	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	(14,250)	(50,000)	—
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.

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

	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 30 April 2025 RMB'000
Investment Cost	303,526	398,352	411,740

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 RMB'000	Interest-bearing bank borrowings RMB'000	Redemption liabilities on equity shares RMB'000	Accrued transaction cost on issue of redemption liabilities on equity shares in trade and other payables RMB'000	Accrued listing expenses included in trade and other payable 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

(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	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
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	As at 31 December	As at 30 April
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	5	1	—
	<u>—</u>	<u>—</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	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Rendering of services				
Hongyong	—	1,191	1,191	—
	<u>—</u>	<u>1,191</u>	<u>1,191</u>	<u>—</u>

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

	Year ended 31 December		Four months ended 30 April	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	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	31,090	–	–	–
Total compensation paid to key management personnel	36,735	5,324	1,431	1,836

Further details of directors' and supervisors' emoluments are included in Note 10 to the Historical Financial Information.

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 GroupFinancial assets

	As at 31 December	As at 31 December	As at 30 April
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade receivables	72,353	109,153	97,518
Financial assets included in prepayments 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	450,626	528,141	498,190

Financial liabilities

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

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 Historical Financial Information.

Fair value hierarchy

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

The GroupLiabilities measured at fair value:

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

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

Below is 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

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) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	%	RMB'000	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.

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			
	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities included in trade and other payables	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
Total	<u>1,788,894</u>	<u>24,681</u>	<u>—</u>	<u>1,813,575</u>

	As at 31 December 2024			
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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
Total	<u>2,305,638</u>	<u>72,522</u>	<u>—</u>	<u>2,378,160</u>

	As at 30 April 2025			
	Within 1 year	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
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	<u>2,384,971</u>	<u>71,299</u>	<u>—</u>	<u>2,456,270</u>

Capital management

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

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

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.