

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



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI BAO PHARMACEUTICALS CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Bao Pharmaceuticals Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-73, 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 six months ended 30 June 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 June 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-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 2 December 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 ("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 June 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 of the Group for the six months ended 30 June 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.



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

Adjustments

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

Dividends

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

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Certified Public Accountants

Hong Kong

2 December 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 ("HKSAs") issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	5	6,930	6,160	1,491	41,990
Cost of sales		<u>(149)</u>	<u>(1,140)</u>	<u>(451)</u>	<u>(265)</u>
Gross profit		6,781	5,020	1,040	41,725
Other income and gains	5	17,597	7,604	2,859	5,899
Research and development expenses		(132,545)	(250,727)	(116,292)	(111,045)
Business development expenses		(1,227)	(7,908)	(3,465)	(2,942)
Administrative expenses		(46,351)	(107,636)	(49,208)	(46,153)
Listing expenses		—	(5,566)	—	(12,435)
Finance costs	7	(3,655)	(4,556)	(2,006)	(2,666)
Other expenses	8	(81)	(78)	—	(55,365)
Share of loss of an associate .		<u>(915)</u>	<u>(609)</u>	<u>(240)</u>	<u>(114)</u>
LOSS BEFORE TAX	6	(160,396)	(364,456)	(167,312)	(183,096)
Income tax credit	11	<u>1</u>	<u>23</u>	<u>23</u>	<u>—</u>
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD .		<u>(160,395)</u>	<u>(364,433)</u>	<u>(167,289)</u>	<u>(183,096)</u>
Attributable to:					
Owners of the parent		<u>(160,395)</u>	<u>(364,433)</u>	<u>(167,289)</u>	<u>(183,096)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13				
Basic and diluted (RMB)		<u>(3.17)</u>	<u>(6.81)</u>	<u>(3.21)</u>	<u>(3.18)</u>

For the details of pre-IPO investments, please refer to Note 27 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	531,215	621,681	681,580
Right-of-use assets	15	54,207	55,451	54,269
Other intangible assets	16	12,565	12,317	11,977
Investment in an associate	17	8,437	7,828	7,714
Prepayments, other receivables and other assets	21	1,311	410	32,910
Total non-current assets		607,735	697,687	788,450
CURRENT ASSETS				
Inventories	19	8,072	4,715	5,362
Trade receivables	20	2,000	141	119
Prepayments, other receivables and other assets	21	34,402	51,366	61,080
Restricted deposits	22	—	85,200	80,284
Cash and cash equivalents	22	321,671	524,158	453,392
Total current assets		366,145	665,580	600,237
CURRENT LIABILITIES				
Other payables and accruals	23	80,786	125,102	212,946
Interest-bearing bank borrowings	24	65,111	69,565	73,219
Lease liabilities	15	924	1,564	1,705
Total current liabilities		146,821	196,231	287,870
NET CURRENT ASSETS		219,324	469,349	312,367
TOTAL ASSETS LESS CURRENT LIABILITIES				
		827,059	1,167,036	1,100,817
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	44,983	132,290	170,201
Lease liabilities	15	97	1,840	1,101
Deferred tax liabilities	25	23	—	—
Deferred income	26	32,830	37,030	39,930
Total non-current liabilities		77,933	171,160	211,232
Net assets		749,126	995,876	889,585
EQUITY				
Equity attributable to owners of the parent				
Share capital	27	52,046	57,259	57,614
Reserves	28	697,080	938,617	831,971
Total equity		749,126	995,876	889,585

For the details of pre-IPO investments, please refer to Note 27 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	<i>Notes</i>	Attributable to owners of the parent			
		Share capital	Share premium*	Accumulated losses*	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023		48,402	1,002,326	(263,531)	787,197
Loss and total comprehensive					
loss for the year		—	—	(160,395)	(160,395)
Capital injection	27, 28	3,644	118,680	—	122,324
Conversion into a joint stock					
company	28	—	(120,695)	120,695	—
At 31 December 2023		<u>52,046</u>	<u>1,000,311</u>	<u>(303,231)</u>	<u>749,126</u>

Year ended 31 December 2024

	<i>Notes</i>	Attributable to owners of the parent				
		Share capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024		52,046	1,000,311	—	(303,231)	749,126
Loss and total						
comprehensive loss for						
the year		—	—	—	(364,433)	(364,433)
Capital injection	27, 28	5,213	452,818	—	—	458,031
Equity-settled share-						
based payment expense	30	—	—	153,152	—	153,152
At 31 December 2024 . . .		<u>57,259</u>	<u>1,453,129</u>	<u>153,152</u>	<u>(667,664)</u>	<u>995,876</u>

Six months ended 30 June 2024

		Attributable to owners of the parent				
	<i>Note</i>	Share capital	Share premium	Share-based payment reserve	Accumulated losses	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024		52,046	1,000,311	–	(303,231)	749,126
Loss and total comprehensive loss for the period (unaudited) .		–	–	–	(167,289)	(167,289)
Equity-settled share-based payment expense (unaudited)	30	–	–	70,097	–	70,097
At 30 June 2024 (unaudited)		<u>52,046</u>	<u>1,000,311</u>	<u>70,097</u>	<u>(470,520)</u>	<u>651,934</u>

Six months ended 30 June 2025

		Attributable to owners of the parent				
	<i>Notes</i>	Share capital	Share premium*	Share-based payment reserve*	Accumulated losses*	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025		57,259	1,453,129	153,152	(667,664)	995,876
Loss and total comprehensive loss for the period		–	–	–	(183,096)	(183,096)
Capital injection	27, 28	355	29,645	–	–	30,000
Equity-settled share-based payment expense	30	–	–	46,805	–	46,805
At 30 June 2025		<u>57,614</u>	<u>1,482,774</u>	<u>199,957</u>	<u>(850,760)</u>	<u>889,585</u>

* The reserve accounts comprised the consolidated reserves of RMB697,080,000, RMB938,617,000 and RMB831,971,000 as at 31 December 2023 and 2024 and 30 June 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
	Notes	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Loss before tax		(160,396)	(364,456)	(167,312)	(183,096)
Adjustments for:					
Interest income	5	(7,896)	(4,646)	(1,796)	(3,591)
Finance costs	7	3,655	4,556	2,006	2,666
Equity-settled share-based payment expense	30	–	153,152	70,097	46,805
Foreign exchange differences, net		(2,969)	(1,192)	(470)	282
Depreciation of property, plant and equipment	14	19,086	28,265	13,971	15,099
Depreciation of right-of-use assets	15	1,667	1,638	833	851
Amortisation of other intangible assets	16	1,681	2,233	922	1,044
Loss on disposal of items of property, plant and equipment	6	27	78	–	3
Share of loss of an associate . .	17	915	609	240	114
		(144,230)	(179,763)	(81,509)	(119,823)
(Increase)/decrease in trade receivables		(2,000)	1,859	(433)	22
Increase in prepayments, other receivables and other assets		(13,257)	(16,984)	(6,056)	(7,093)
(Increase)/decrease in inventories .		(632)	3,357	3,421	(647)
Increase in deferred income		400	3,200	–	200
Increase/(decrease) in other payables and accruals		11,610	44,104	(9,981)	18,644
Increase in restricted deposits . . .	22	–	(80,200)	(80,109)	(84)
Cash used in operations		(148,109)	(224,427)	(174,667)	(108,781)
Interest received		7,896	4,646	1,796	3,591
Net cash flows used in operating activities		(140,213)	(219,781)	(172,871)	(105,190)

APPENDIX I
ACCOUNTANTS' REPORT

		Year ended 31 December		Six months ended 30 June	
	Notes	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment		(136,365)	(118,274)	(59,453)	(37,891)
(Placement)/withdrawal of restricted deposits		–	(5,000)	–	5,000
Proceeds from disposal of items of property, plant and equipment . .		–	154	90	371
Receipt of government grants for property, plant and equipment . .		–	1,000	–	2,700
Net cash flows used in investing activities		<u>(136,365)</u>	<u>(122,120)</u>	<u>(59,363)</u>	<u>(29,820)</u>
CASH FLOWS FROM					
FINANCING ACTIVITIES					
Proceeds from issue of shares . . .		120,251	460,104	–	30,000
New interest-bearing bank borrowings		48,467	161,660	59,600	87,291
Repayment of interest-bearing bank borrowings		(39,800)	(69,957)	(10,567)	(45,750)
Principal portion of lease payment	15	(1,690)	(1,639)	(847)	(836)
Interest paid		(4,295)	(5,512)	(2,561)	(3,582)
Payment of listing expenses		–	(1,460)	–	(2,597)
Net cash flows generated from financing activities		<u>122,933</u>	<u>543,196</u>	<u>45,625</u>	<u>64,526</u>
NET (DECREASE)/INCREASE					
IN CASH AND					
CASH EQUIVALENTS		(153,645)	201,295	(186,609)	(70,484)
Cash and cash equivalents at beginning of year/period		472,347	321,671	321,671	524,158
Effect of foreign exchange rate changes, net		<u>2,969</u>	<u>1,192</u>	<u>470</u>	<u>(282)</u>
CASH AND CASH					
EQUIVALENTS AT END OF					
YEAR/PERIOD	22	<u>321,671</u>	<u>524,158</u>	<u>135,532</u>	<u>453,392</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		As at 30 June
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	509,294	603,908	665,233
Right-of-use assets	15	53,555	52,881	52,039
Other intangible assets	16	10,619	10,659	10,464
Investment in an associate	17	8,437	7,828	7,714
Investments in subsidiaries	18	490,451	527,536	538,840
Prepayments, other receivables and other assets	21	1,311	26,771	60,040
Total non-current assets		1,073,667	1,229,583	1,334,330
CURRENT ASSETS				
Inventories	19	7,015	4,205	4,747
Trade receivables	20	2,279	141	1,274
Prepayments, other receivables and other assets	21	42,166	159,366	153,984
Restricted deposits	22	—	78,700	73,700
Cash and cash equivalents	22	306,494	410,620	361,052
Total current assets		357,954	653,032	594,757
CURRENT LIABILITIES				
Other payables and accruals	23	54,432	70,755	130,440
Loans from subsidiaries	18	8,009	—	—
Interest-bearing bank borrowings	24	65,111	69,565	73,219
Lease liabilities	15	333	541	549
Total current liabilities		127,885	140,861	204,208
NET CURRENT ASSETS		230,069	512,171	390,549
TOTAL ASSETS LESS CURRENT LIABILITIES				
		1,303,736	1,741,754	1,724,879
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	24	44,983	132,290	170,201
Lease liabilities	15	—	277	—
Deferred tax liabilities	25	23	—	—
Deferred income	26	26,830	30,030	32,930
Total non-current liabilities		71,836	162,597	203,131
Net assets		1,231,900	1,579,157	1,521,748
EQUITY				
Share capital	27	52,046	57,259	57,614
Reserves	28	1,179,854	1,521,898	1,464,134
Total equity		1,231,900	1,579,157	1,521,748

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 16 December 2019, as a limited liability company under the Companies Law of the PRC. The registered office of the Company is located at No. 28 Luoxin Road, Baoshan District, Shanghai. The Company was converted into a joint stock company on 26 July 2023.

During the Relevant Periods, the Company and its subsidiaries were involved in the research and development of pharmaceutical products.

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

Name	Place and date of registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Suzhou Centergene Pharmaceuticals Co., Ltd.* (note a)	PRC/Mainland China 24 July 2014	RMB64,575,476	66.18%	33.82%	Research and development of pharmaceutical products
Suzhou Kangju Biotechnology Co., Ltd.* (note a)	PRC/Mainland China 15 August 2011	RMB10,000,000	100.00%	–	Research and development of pharmaceutical products
Hainan Baoji Biotechnology Co., Ltd.* (note a)	PRC/Mainland China 8 February 2022	RMB1,000,000	100.00%	–	Research and development of pharmaceutical products
Bao Pharmaceuticals Hong Kong Limited	Hong Kong, China 17 April 2025	HKD10,000	100.00%	–	Research and development of pharmaceutical products

Note:

a. The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with PRC generally accepted accounting principles and regulations for Business Enterprises were audited by RSM China, certified public accountants registered in the PRC.

* The English names of these companies represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

2.1 BASIS OF PREPARATION

For ordinary shares issued to pre-IPO investors, pursuant to the relevant supplemental agreement and shareholders' agreements entered into between the Company and the relevant shareholders, certain special rights granted by the Company, including redemption rights, liquidation preferences rights and anti-dilution rights, are void ab initio as described in note 27 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-IPO Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 27 of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the 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 IFRS ACCOUNTING STANDARDS

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

Amendments to IFRS 10 and IAS 28.	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
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 Instruments³</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity³</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7³</i>

- 1 No mandatory effective date yet determined but available for adoption
- 2 Effective for annual/reporting periods beginning on or after 1 January 2027
- 3 Effective for annual periods beginning on or after 1 January 2026

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements. Except for IFRS 18, the directors of the Company anticipate that the application of these new and amended IFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

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

The Group's investments in associates are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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

Fair value measurement

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

Impairment of non-financial assets

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

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.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Category	Principal annual rate
Decoration	20.00%-33.33%
Buildings	2.79%
Office equipment	9.50%-31.67%
Electronic equipment	9.50%-31.67%
Machinery	9.50%-31.67%
Motor vehicles	19.00%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 3 years to 10 years.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

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:

Leasehold land	50 years
Properties and office premises	2 to 4 years

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

(b) Lease liabilities

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

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

(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).

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

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.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets***Initial recognition and measurement***

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

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.

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 statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs 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 the end of each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities***Initial recognition and measurement***

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

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

The Group's financial liabilities include other payables and accruals and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (other payables and borrowings)

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

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

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 consolidated statements 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 realisable value. Cost is determined on the first-in and first-out basis. 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 statements 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 statements 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.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

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 each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, 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 carryforward 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 carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

(a) Sale of materials

Revenue from the sale of materials is recognised at the point in time when control of the products is transferred to the customer upon receipt of the goods.

(b) *Technical services*

The Group provides technical support to the consumers for the joint development of subcutaneous formulations in combination with the Group's drugs. The Group recognises revenue from technical services at the point in time when the customer obtains technical support, limited to the consideration that is not constrained, as the Group does not perform any activities that significantly affect the technology to which the customer has rights. Non-refundable payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

(c) *Licensing revenue*

The Group's licensing revenue may contain more than one performance obligation, including grants of licences to the intellectual property rights and other deliverables. As part of the accounting for these arrangements, the Group must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. In developing the stand-alone selling price for a performance obligation, the Group considers competitor pricing for a similar or identical product, market awareness of and perception of the product, expected product life and current market trends. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service, limited to the consideration that is not constrained. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as contract liabilities.

Licences of intellectual property: Upfront payments for licensing the Group's intellectual property are evaluated to determine if the licence is distinct from the other performance obligations identified in the arrangement. For licences determined to be distinct, the Group recognizes revenues from up-front fees allocated to the licence at a point in time, when the licence is transferred to the licensee and the licensee is reasonably able to use and benefit from the licence.

Milestone payments: Regulatory milestones are fully constrained until the period in which those regulatory approvals are achieved due to the inherent uncertainty of the approval process. Regulatory milestones are included in the transaction price in the period in which regulatory approval is obtained.

Royalties: For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the licence is deemed to be the predominant item to which the royalties relate, the Group recognizes revenue at the later of (i) the first occurrence of the specified sales milestone, and (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Other income

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

Contract liabilities

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statements of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a restricted share unit scheme ("RSU"). 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 of equity-settled share-based payment granted was estimated as at the date of grant using recent transaction price, taking into account the terms and conditions upon which the RSUs were granted.

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 each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

Other employee benefits

Pension scheme

The employees of the Group which operate 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 its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group uses RMB as its 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 each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

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 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.

Deferred tax assets

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

The Group has tax losses of RMB810,058,000, RMB1,168,193,000 and RMB1,320,780,000 as at 31 December 2023 and 2024 and 30 June 2025 carried forward, respectively. These losses related to the Company and subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The Company and the subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details are included in note 25 to the Historical Financial Information.

Estimation uncertainty

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

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

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

Estimation of provision for potential litigation claim

The Group considered the current process of the legal cases and the legal opinion of lawyers and exercises considerable judgement in measuring and recognising provisions and contingent liabilities related to potential or outstanding legal claims. Judgement is necessary in assessing the likelihood that a liability will arise, and to quantify the possible range of the final settlement. Provisions are recognised when the Group has a present obligation, the loss is considered probable and can be reliably estimated. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision. These estimates are subject to change as new information becomes available, primarily with the support of in-house or external legal counsels.

4. OPERATING SEGMENT INFORMATION

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

Geographical information

During the Relevant Periods, nearly all of the Group's revenue was derived from customers located in Mainland China and all of the Group's non-current assets were located in Mainland China, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods and the six months ended 30 June 2024, is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Customer A	2,830	*	345	*
Customer B	2,000	*	*	*
Customer C	1,701	*	*	*
Customer D	*	2,830	*	*
Customer E	*	1,279	442	*
Customer F	*	1,204	657	*
Customer G	*	*	*	40,002
	=	=	=	=

* Transactions with these customers did not account for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<u>6,930</u>	<u>6,160</u>	<u>1,491</u>	<u>41,990</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of goods and services				
Sales of materials	2,099	3,138	1,491	983
Technical services	4,831	3,022	–	1,005
Licensing revenue	–	–	–	40,002
Total	<u>6,930</u>	<u>6,160</u>	<u>1,491</u>	<u>41,990</u>
Timing of revenue recognition				
Goods transferred at a point in time .	2,099	3,138	1,491	983
Services transferred at a point in time	<u>4,831</u>	<u>3,022</u>	<u>–</u>	<u>41,007</u>
Total	<u>6,930</u>	<u>6,160</u>	<u>1,491</u>	<u>41,990</u>

The following table shows the amounts of revenue recognised in each of the Relevant Periods and the six months ended 30 June 2024 that were included in the contract liabilities at the beginning of each of the Relevant Periods and the six months ended 30 June 2024 and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from contracts with customers	–	–	–	<u>40,011</u>

(b) Performance obligations

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

Sale of materials

The performance obligation is satisfied upon delivery of the materials and payment is generally due within 30 days from the date of billing.

Technical services

The performance obligation is satisfied when the services are rendered, and payment is generally due within 30 days upon completion of the services and customer acceptance.

During the Relevant Periods and the six months ended 30 June 2024, the Group entered into collaboration agreements with pharmaceutical companies so as to jointly develop the subcutaneous formulations in combination with the Group's drugs. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a service.

Licensing revenue

During the Relevant Periods, the Group entered into a licence agreement with pharmaceutical companies (the “Licensee”) so as to develop, manufacture and commercialise certain biologic drugs developed by the Group in certain territories. In general, the consideration allocated to each performance obligation is recognized when the respective obligation is satisfied on acceptance of a good or a service. The licence agreement was terminated on 28 July 2025 as specified in the termination notice provided by the Licensee on 29 April 2025. Following this termination, the Group was not obliged to return any payments received (including the first tranche of upfront payments received in 2024) and recognised the upfront payment as licensing revenue upon receipt of the termination notice in accordance with the licence agreement.

Under the practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Other income</u>				
Government grants*	6,320	1,766	593	1,894
Bank interest income	7,896	4,646	1,796	3,591
Others	412	—	—	414
Total other income	<u>14,628</u>	<u>6,412</u>	<u>2,389</u>	<u>5,899</u>
<u>Gains</u>				
Foreign exchange gains, net . .	<u>2,969</u>	<u>1,192</u>	<u>470</u>	<u>—</u>
Total other income and gains . .	<u><u>17,597</u></u>	<u><u>7,604</u></u>	<u><u>2,859</u></u>	<u><u>5,899</u></u>

* The government grants have been received from the PRC local government authorities for supporting the Group's operating activities. There are no unfulfilled conditions relating to these government grants.

6. LOSS BEFORE TAX

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

Notes	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of inventories sold* . . .	149	929	451	265
Cost of services provided* . .	—	211	—	—
Depreciation of property, plant and equipment**	14	19,086	13,971	15,099
Depreciation of right-of-use assets***	15	1,667	833	851
Amortisation of other intangible assets	16	1,681	922	1,044
Auditor's remuneration	1,961	550	286	47
Listing expenses	—	5,566	—	12,435
Lease payments not included in the measurement of lease liabilities	15	93	77	51

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Notes				
Employee benefit expense (excluding directors' and chief executive's remuneration (note 9)):				
Wages and salaries	48,330	62,583	28,696	36,330
Pension scheme contributions (defined contribution scheme)	14,483	17,547	8,129	10,306
Equity-settled share-based payment expense	—	56,524	26,071	14,040
Total	62,813	136,654	62,896	60,676
Foreign exchange differences, net	(2,969)	(1,192)	(470)	282
Loss on disposal of items of property, plant and equipment****	27	78	—	3
Share of loss of an associate . .	915	609	240	114
Provision for losses on litigation****	—	—	—	55,080

* Cost of inventories sold and cost of services provided include expenses relating to depreciation of property, plant and equipment and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

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

*** The amount of the depreciation of right-of-use assets is included in “Research and development expenses” and “Administrative expenses” in the consolidated statements of profit or loss and other comprehensive income.

**** Included in “Other expenses” in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings	4,321	5,502	2,539	3,556
Interest on lease liabilities	73	68	35	50
Total interest expense	4,394	5,570	2,574	3,606
Less: Interest capitalised	(739)	(1,014)	(568)	(940)
Total	3,655	4,556	2,006	2,666

For the details of pre-IPO investments, please refer to Note 27 to this report.

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	<i>Note</i>	Year ended 31 December		Six months ended 30 June	
		2023	2024	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i>
Foreign exchange loss		–	–	–	282
Provision for losses on litigation	23	–	–	–	55,080
Loss on disposal of items of property, plant and equipment		27	78	–	3
Others		54	–	–	–
Total		<u>81</u>	<u>78</u>	<u>–</u>	<u>55,365</u>

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods and the six months ended 30 June 2024 is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (<i>unaudited</i>)	<i>RMB'000</i>
Fees	<u>100</u>	<u>322</u>	<u>50</u>	<u>300</u>
Other emoluments:				
Salaries, allowances and benefits in kind	2,894	2,942	1,470	2,192
Pension scheme contributions and social welfare	375	386	193	265
Performance related bonuses	699	1,583	792	1,317
Equity-settled share-based payment expense	–	96,628	44,026	32,765
Subtotal	<u>3,968</u>	<u>101,539</u>	<u>46,481</u>	<u>36,539</u>
Total	<u>4,068</u>	<u>101,861</u>	<u>46,531</u>	<u>36,839</u>

During the year ended 31 December 2024, certain directors were granted RSUs, in respect of their services to the Group, under the share incentive plan of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such RSUs, 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 and the six months ended 30 June 2024 is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024 were as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dr. Ju Dianwen (i)	—	68	—	75
Dr. Zeng Fanyi (i)	—	68	—	75
Mr. Cai Zhongxi (i)	—	68	—	75
Mr. Zhang Senquan (ii)	—	—	—	66
Mr. Cao Xiaoguang (iii)	—	68	—	9
Total	—	272	—	300
	=	=	=	=

Notes:

- (i) Dr. Ju Dianwen, Dr. Zeng Fanyi and Mr. Cai Zhongxi were appointed as independent non-executive directors of the Company on 18 July 2024.
- (ii) Mr. Zhang Senquan was appointed as an independent non-executive director of the Company on 21 January 2025.
- (iii) Mr. Cao Xiaoguang was appointed as an independent non-executive director of the Company on 18 July 2024 and resigned as an independent non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2024.

(b) Executive directors, non-executive directors and the chief executive

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Performance related bonuses	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2023						
Executive directors:						
Dr. Liu Yanjun	—	1,578	143	150	—	1,871
Ms. Wang Zheng	—	856	143	360	—	1,359
Mr. Tan Jingwei	—	460	89	189	—	738
Subtotal	—	2,894	375	699	—	3,968
Non-executive directors:						
Mr. Liu Tao (i)	100	—	—	—	—	100
Ms. Zheng Juan (iv)	—	—	—	—	—	—
Mr. Diao Juanhuan	—	—	—	—	—	—
Mr. Lin, Jung-Chin (i)	—	—	—	—	—	—
Subtotal	100	—	—	—	—	100
Total	100	2,894	375	699	—	4,068
	=	=	=	=	=	=

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Performance related bonuses	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended						
31 December 2024						
Executive directors:						
Dr. Liu Yanjun	—	1,605	145	650	77,864	80,264
Ms. Wang Zheng	—	874	145	560	12,504	14,083
Mr. Tan Jingwei	—	463	96	373	6,260	7,192
Subtotal	—	2,942	386	1,583	96,628	101,539
Non-executive directors:						
Mr. Liu Tao (i)	50	—	—	—	—	50
Ms. Zheng Juan (iv)	—	—	—	—	—	—
Mr. Diao Juanhuan	—	—	—	—	—	—
Ms. Wang, Su-Chi (ii)	—	—	—	—	—	—
Mr. Li Chen (iii)	—	—	—	—	—	—
Mr. Lin, Jung-Chin (i)	—	—	—	—	—	—
Subtotal	50	—	—	—	—	50
Total	50	2,942	386	1,583	96,628	101,589

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Performance related bonuses	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

Six months ended**30 June 2024**

Executive directors:						
Dr. Liu Yanjun	—	802	73	325	35,370	36,570
Ms. Wang Zheng	—	437	73	280	5,587	6,377
Mr. Tan Jingwei	—	231	47	187	3,069	3,534
Subtotal	—	1,470	193	792	44,026	46,481
Non-executive directors:						
Mr. Liu Tao (i)	50	—	—	—	—	50
Ms. Zheng Juan (iv)	—	—	—	—	—	—
Mr. Diao Juanhuan	—	—	—	—	—	—
Mr. Lin, Jung-Chin (i)	—	—	—	—	—	—
Subtotal	50	—	—	—	—	50
Total	50	1,470	193	792	44,026	46,531

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Performance related bonuses	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended						
30 June 2025						
Executive directors:						
Dr. Liu Yanjun	—	865	72	569	25,045	26,551
Ms. Wang Zheng	—	553	72	341	4,036	5,002
Mr. Tan Jingwei.	—	303	49	126	1,400	1,878
Ms. Li Cui (v).	—	471	72	281	2,284	3,108
Subtotal.	—	<u>2,192</u>	<u>265</u>	<u>1,317</u>	<u>32,765</u>	<u>36,539</u>
Non-executive directors:						
Ms. Lin, Chia-ling (vi)	—	—	—	—	—	—
Ms. Zheng Juan (iv) . .	—	—	—	—	—	—
Mr. Diao Juanhuan . .	—	—	—	—	—	—
Ms. Wang, Su-Chi (ii) .	—	—	—	—	—	—
Mr. Li Chen (iii)	—	—	—	—	—	—
Subtotal.	—	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	—	<u>2,192</u>	<u>265</u>	<u>1,317</u>	<u>32,765</u>	<u>36,539</u>

Notes:

- (i) Mr. Liu Tao and Mr. Lin, Jung-Chin resigned as non-executive directors of the Company on 18 July 2024 due to the devotion of more time in pursuing other personal commitments.
- (ii) Ms. Wang, Su-Chi was appointed as a non-executive director of the Company on 18 July 2024 and resigned as a non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.
- (iii) Mr. Li Chen was appointed as a non-executive director of the Company on 18 July 2024.
- (iv) Ms. Zheng Juan resigned as a non-executive director of the Company on 21 January 2025 due to the devotion of more time in pursuing other personal commitments.
- (v) Ms. Li Cui was appointed as an executive director of the Company on 21 January 2025.
- (vi) Ms. Lin, Chia-ling was appointed as a non-executive director of the Company on 21 January 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025 included two, three, three and three directors, respectively, the details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three, two, two and two highest paid employees during the years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025, respectively, who are not the directors or the chief executive of the Company are as follows:

	Year ended 31 December		Six months ended 30 June	
	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	1,812	1,275	638	660
Performance related bonuses	705	993	496	308
Pension scheme contributions	429	290	145	121
Equity-settled share-based payment				
expense	—	14,300	6,597	3,652
Total	<u>2,946</u>	<u>16,858</u>	<u>7,876</u>	<u>4,741</u>

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

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
			<i>(unaudited)</i>	
Nil to HK\$1,000,000	1	—	—	—
HK\$1,000,001 to HK\$1,500,000 . . .	2	—	—	—
HK\$2,000,001 to HK\$2,500,000 . . .	—	—	—	1
HK\$2,500,001 to HK\$3,000,000 . . .	—	—	—	1
HK\$4,000,001 to HK\$4,500,000 . . .	—	—	2	—
HK\$8,500,001 to HK\$9,000,000 . . .	—	1	—	—
HK\$9,000,001 to HK\$9,500,000 . . .	—	1	—	—
Total	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>

During the year ended 31 December 2024, RSUs 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 30 to the Historical Financial Information. The fair value of such RSUs, 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 and the six months ended 30 June 2024 is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

Mainland China

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), Hainan Baoji Biotechnology Co., Ltd. which operates in Mainland China is subject to CIT at a rate of 25% on the taxable income during the Relevant Periods.

Shanghai Bao Pharmaceuticals Co., Ltd., Suzhou Centergene Pharmaceuticals Co., Ltd. and Suzhou Kangju Biotechnology Co., Ltd. were accredited as "High and New Technology Enterprises" under the relevant tax rules and regulations in 2022, and accordingly, were entitled to a reduced preferential CIT rate of 15% from 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years. The renewal of the above qualification for 2025 to 2027 is in process and the management of the Group expects the renewal will be completed before the annual tax filing of tax return of Enterprise Income Tax for the year ending 31 December 2025.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2024 is analysed as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:				
Charge for the year/period	—	—	—	—
Deferred tax	(1)	(23)	(23)	—
Total tax credit for the year/period	(1)	(23)	(23)	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax credit at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(160,396)	(364,456)	(167,312)	(183,096)
Tax at the statutory tax rate of 25%	(40,099)	(91,114)	(41,828)	(45,775)
Lower tax rate or enacted by local authority	16,039	36,395	16,641	18,311
Additional deductible allowance for qualified research and development expenses	(20,082)	(24,567)	(9,809)	(10,879)
Expenses not deductible for tax purposes	249	149	71	78
Tax losses and temporary differences not recognised	43,892	79,114	34,902	38,265
Tax credit at the Group's effective rate	(1)	(23)	(23)	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

12. DIVIDENDS

No dividend was paid or declared by the Company since its date of incorporation.

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2024.

The calculation of the diluted loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods and the six months ended 30 June 2024, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares during the Relevant Periods and the six months ended 30 June 2024.

The calculations of basic loss per share are based on:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Loss</u>				
Loss attributable to ordinary equity holders of the parent	<u>(160,395)</u>	<u>(364,433)</u>	<u>(167,289)</u>	<u>(183,096)</u>
	Number of shares			
	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<u>Shares</u>				
Weighted average number of ordinary shares outstanding during the year/period used in the basic loss per share calculation	<u>50,592,809</u>	<u>53,534,643</u>	<u>52,046,194</u>	<u>57,608,071</u>

During the Relevant Periods and the six months ended 30 June 2024, the potential ordinary shares were not included in the calculation of diluted loss per share as the potential ordinary shares had an anti-dilutive effect on the basic loss per share for each of those periods. Accordingly, the diluted loss per share amounts during the Relevant Periods and the six months ended 30 June 2024 are the same as the basic loss per share amounts.

For the details of pre-IPO investments, please refer to Note 27 to this report.

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023								
At 1 January 2023:								
Cost	5,556	199,133	621	2,311	77,810	1,205	120,929	407,565
Accumulated depreciation . . .	(397)	(6,491)	(435)	(650)	(17,601)	(331)	—	(25,905)
Net carrying amount	<u>5,159</u>	<u>192,642</u>	<u>186</u>	<u>1,661</u>	<u>60,209</u>	<u>874</u>	<u>120,929</u>	<u>381,660</u>
At 1 January 2023, net of accumulated depreciation	5,159	192,642	186	1,661	60,209	874	120,929	381,660
Additions	7,380	—	—	—	—	—	163,815	171,195
Transfers	65	—	298	877	80,983	413	(85,150)	(2,514)
Disposal	—	—	—	—	(27)	—	—	(27)
Depreciation provided during the year	<u>(2,594)</u>	<u>(5,564)</u>	<u>(55)</u>	<u>(465)</u>	<u>(10,184)</u>	<u>(237)</u>	<u>—</u>	<u>(19,099)</u>
At 31 December 2023, net of accumulated depreciation	<u>10,010</u>	<u>187,078</u>	<u>429</u>	<u>2,073</u>	<u>130,981</u>	<u>1,050</u>	<u>199,594</u>	<u>531,215</u>
At 31 December 2023:								
Cost	13,001	199,133	919	3,181	158,752	1,617	199,594	576,197
Accumulated depreciation . . .	(2,991)	(12,055)	(490)	(1,108)	(27,771)	(567)	—	(44,982)
Net carrying amount	<u>10,010</u>	<u>187,078</u>	<u>429</u>	<u>2,073</u>	<u>130,981</u>	<u>1,050</u>	<u>199,594</u>	<u>531,215</u>
	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024								
At 1 January 2024:								
Cost	13,001	199,133	919	3,181	158,752	1,617	199,594	576,197
Accumulated depreciation . . .	(2,991)	(12,055)	(490)	(1,108)	(27,771)	(567)	—	(44,982)
Net carrying amount	<u>10,010</u>	<u>187,078</u>	<u>429</u>	<u>2,073</u>	<u>130,981</u>	<u>1,050</u>	<u>199,594</u>	<u>531,215</u>

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ACCOUNTANTS' REPORT

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024, net of accumulated depreciation	10,010	187,078	429	2,073	130,981	1,050	199,594	531,215
Additions	2,154	–	–	–	–	–	118,805	120,959
Transfers	1,766	–	35	1,898	10,592	–	(16,276)	(1,985)
Disposal	–	–	–	(1)	(231)	–	–	(232)
Depreciation provided during the year	<u>(3,496)</u>	<u>(5,564)</u>	<u>(57)</u>	<u>(684)</u>	<u>(18,232)</u>	<u>(243)</u>	<u>–</u>	<u>(28,276)</u>
At 31 December 2024, net of accumulated depreciation . . .	10,434	181,514	407	3,286	123,110	807	302,123	621,681
At 31 December 2024: Cost	16,922	199,133	954	5,076	168,964	1,617	302,123	694,789
Accumulated depreciation . . .	<u>(6,488)</u>	<u>(17,619)</u>	<u>(547)</u>	<u>(1,790)</u>	<u>(45,854)</u>	<u>(810)</u>	<u>–</u>	<u>(73,108)</u>
Net carrying amount	<u>10,434</u>	<u>181,514</u>	<u>407</u>	<u>3,286</u>	<u>123,110</u>	<u>807</u>	<u>302,123</u>	<u>621,681</u>

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2025								
At 1 January 2025: Cost	16,922	199,133	954	5,076	168,964	1,617	302,123	694,789
Accumulated depreciation . . .	<u>(6,488)</u>	<u>(17,619)</u>	<u>(547)</u>	<u>(1,790)</u>	<u>(45,854)</u>	<u>(810)</u>	<u>–</u>	<u>(73,108)</u>
Net carrying amount	<u>10,434</u>	<u>181,514</u>	<u>407</u>	<u>3,286</u>	<u>123,110</u>	<u>807</u>	<u>302,123</u>	<u>621,681</u>
At 1 January 2025, net of accumulated depreciation	10,434	181,514	407	3,286	123,110	807	302,123	621,681
Additions	623	–	–	–	–	–	75,459	76,082
Transfers	–	–	3	290	16,958	–	(17,955)	(704)
Disposal	–	–	–	(1)	(373)	–	–	(374)
Depreciation provided during the period	<u>(2,057)</u>	<u>(2,782)</u>	<u>(27)</u>	<u>(425)</u>	<u>(9,692)</u>	<u>(122)</u>	<u>–</u>	<u>(15,105)</u>
At 30 June 2025, net of accumulated depreciation	<u>9,000</u>	<u>178,732</u>	<u>383</u>	<u>3,150</u>	<u>130,003</u>	<u>685</u>	<u>359,627</u>	<u>681,580</u>
At 30 June 2025: Cost	17,486	199,133	957	5,345	185,490	1,617	359,627	769,655
Accumulated depreciation . . .	<u>(8,486)</u>	<u>(20,401)</u>	<u>(574)</u>	<u>(2,195)</u>	<u>(55,487)</u>	<u>(932)</u>	<u>–</u>	<u>(88,075)</u>
Net carrying amount	<u>9,000</u>	<u>178,732</u>	<u>383</u>	<u>3,150</u>	<u>130,003</u>	<u>685</u>	<u>359,627</u>	<u>681,580</u>

Certain of the Group's buildings with aggregate net carrying amounts of approximately RMB187,078,000, RMB181,514,000 and RMB178,732,000 were pledged to secure interest-bearing bank borrowings granted to the Group as at 31 December 2023 and 2024 and 30 June 2025, respectively (note 24).

Certain of the Group's construction in progress with aggregate net carrying amounts of approximately RMB288,852,000 and RMB355,321,000 was pledged to secure interest-bearing bank borrowings granted to the Group as at 31 December 2024 and 30 June 2025, respectively (note 24).

The Company

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2023								
At 1 January 2023:								
Cost	5,467	199,133	118	1,470	40,557	869	120,929	368,543
Accumulated depreciation . . .	(355)	(6,491)	(16)	(212)	(3,885)	(70)	—	(11,029)
Net carrying amount	<u>5,112</u>	<u>192,642</u>	<u>102</u>	<u>1,258</u>	<u>36,672</u>	<u>799</u>	<u>120,929</u>	<u>357,514</u>
At 1 January 2023, net of accumulated depreciation	5,112	192,642	102	1,258	36,672	799	120,929	357,514
Additions	7,311	—	—	—	—	—	162,157	169,468
Transfers	65	—	272	820	79,402	412	(83,485)	(2,514)
Disposal	—	—	—	—	(4)	—	—	(4)
Depreciation provided during the year	<u>(2,508)</u>	<u>(5,564)</u>	<u>(17)</u>	<u>(361)</u>	<u>(6,542)</u>	<u>(178)</u>	<u>—</u>	<u>(15,170)</u>
At 31 December 2023, net of accumulated depreciation	<u>9,980</u>	<u>187,078</u>	<u>357</u>	<u>1,717</u>	<u>109,528</u>	<u>1,033</u>	<u>199,601</u>	<u>509,294</u>
At 31 December 2023:								
Cost	12,843	199,133	389	2,290	119,954	1,281	199,601	535,491
Accumulated depreciation . . .	<u>(2,863)</u>	<u>(12,055)</u>	<u>(32)</u>	<u>(573)</u>	<u>(10,426)</u>	<u>(248)</u>	<u>—</u>	<u>(26,197)</u>
Net carrying amount	<u>9,980</u>	<u>187,078</u>	<u>357</u>	<u>1,717</u>	<u>109,528</u>	<u>1,033</u>	<u>199,601</u>	<u>509,294</u>

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ACCOUNTANTS' REPORT

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2024								
At 1 January 2024:								
Cost	12,843	199,133	389	2,290	119,954	1,281	199,601	535,491
Accumulated depreciation . . .	(2,863)	(12,055)	(32)	(573)	(10,426)	(248)	—	(26,197)
Net carrying amount	9,980	187,078	357	1,717	109,528	1,033	199,601	509,294
At 1 January 2024, net of accumulated depreciation	9,980	187,078	357	1,717	109,528	1,033	199,601	509,294
Additions	2,122	—	—	—	—	—	119,296	121,418
Transfers	1,766	—	24	1,833	10,319	—	(15,927)	(1,985)
Disposal	—	—	—	—	(153)	—	—	(153)
Depreciation provided during the year	(3,446)	(5,564)	(40)	(585)	(14,787)	(244)	—	(24,666)
At 31 December 2024, net of accumulated depreciation	10,422	181,514	341	2,965	104,907	789	302,970	603,908
At 31 December 2024:								
Cost	16,731	199,133	414	4,123	130,099	1,281	302,970	654,751
Accumulated depreciation . . .	(6,309)	(17,619)	(73)	(1,158)	(25,192)	(492)	—	(50,843)
Net carrying amount	10,422	181,514	341	2,965	104,907	789	302,970	603,908
	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2025								
At 1 January 2025:								
Cost	16,731	199,133	414	4,123	130,099	1,281	302,970	654,751
Accumulated depreciation . . .	(6,309)	(17,619)	(73)	(1,158)	(25,192)	(492)	—	(50,843)
Net carrying amount	10,422	181,514	341	2,965	104,907	789	302,970	603,908
At 1 January 2025, net of accumulated depreciation	10,422	181,514	341	2,965	104,907	789	302,970	603,908
Additions	590	—	—	—	—	—	74,976	75,566
Transfers	—	—	3	246	16,640	—	(17,593)	(704)
Depreciation provided during the period	(2,032)	(2,782)	(21)	(372)	(8,208)	(122)	—	(13,537)
At 30 June 2025, net of accumulated depreciation	8,980	178,732	323	2,839	113,339	667	360,353	665,233

	Decoration	Buildings	Office equipment	Electronic equipment	Machinery	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 30 June 2025:								
Cost	17,321	199,133	416	4,369	146,739	1,280	360,353	729,611
Accumulated depreciation . .	(8,341)	(20,401)	(93)	(1,530)	(33,400)	(613)	—	(64,378)
Net carrying amount	<u>8,980</u>	<u>178,732</u>	<u>323</u>	<u>2,839</u>	<u>113,339</u>	<u>667</u>	<u>360,353</u>	<u>665,233</u>

Certain of the Company's buildings with aggregate net carrying amounts of approximately RMB187,078,000, RMB181,514,000 and RMB178,732,000 were pledged to secure interest-bearing bank borrowings granted to the Company as at 31 December 2023 and 2024 and 30 June 2025, respectively (note 24).

Certain of the Company's construction in progress with aggregate net carrying amounts of approximately RMB288,852,000 and RMB355,321,000 was pledged to secure interest-bearing bank borrowings granted to the Company as at 31 December 2024 and 30 June 2025, respectively (note 24).

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties and office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of properties and office premises generally have lease terms between 2 and 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less.

(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:

	Properties and office premises	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	2,628	54,206	56,834
Additions	180	—	180
Depreciation charge	(1,667)	(1,140)	(2,807)
As at 31 December 2023	<u>1,141</u>	<u>53,066</u>	<u>54,207</u>
As at 31 December 2023 and 1 January 2024	1,141	53,066	54,207
Additions	4,022	—	4,022
Depreciation charge	(1,638)	(1,140)	(2,778)
As at 31 December 2024	<u>3,525</u>	<u>51,926</u>	<u>55,451</u>
As at 31 December 2024 and 1 January 2025	3,525	51,926	55,451
Additions	238	—	238
Depreciation charge	(851)	(569)	(1,420)
As at 30 June 2025	<u>2,912</u>	<u>51,357</u>	<u>54,269</u>

The Group's leasehold land with net carrying amounts of approximately RMB53,066,000, RMB51,926,000 and RMB51,357,000 was pledged to secure interest-bearing bank borrowings granted to the Group as at 31 December 2023 and 2024 and 30 June 2025, respectively (note 24).

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	2,531	1,021	3,404
New leases	180	4,022	238
Accretion of interest recognised during the year/period	73	68	50
Payments	(1,763)	(1,707)	(886)
Carrying amount at the end of the year/period	<u>1,021</u>	<u>3,404</u>	<u>2,806</u>
Analysed into:			
Current portion	924	1,564	1,705
Non-current portion	<u>97</u>	<u>1,840</u>	<u>1,101</u>

The maturity analysis of lease liabilities is disclosed in note 36 to the Historical Financial Statement.

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

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities . . .	73	68	35	50
Depreciation charge of right-of-use assets	1,667	1,638	833	851
Expenses relating to short-term leases	<u>93</u>	<u>166</u>	<u>77</u>	<u>51</u>
Total amount recognised in profit or loss	<u>1,833</u>	<u>1,872</u>	<u>945</u>	<u>952</u>

(d) The total cash outflows for leases are disclosed in note 29 to the Historical Financial Information.**The Company as a lessee**

The Company has a lease contract for properties and office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. The lease of properties and office premises has a lease term of 2 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company. Other rental agreements generally have lease terms of 12 months or less.

(a) Right-of-use assets

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

	Properties and office premises	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	1,141	54,206	55,347
Depreciation charge	(652)	(1,140)	(1,792)
As at 31 December 2023	<u>489</u>	<u>53,066</u>	<u>53,555</u>
As at 31 December 2023 and 1 January 2024	489	53,066	53,555
Additions	1,090	–	1,090
Depreciation charge	(624)	(1,140)	(1,764)
As at 31 December 2024	<u>955</u>	<u>51,926</u>	<u>52,881</u>
As at 31 December 2024 and 1 January 2025	955	51,926	52,881
Additions	–	–	–
Depreciation charge	(273)	(569)	(842)
As at 30 June 2025	<u>682</u>	<u>51,357</u>	<u>52,039</u>

(b) Lease liabilities

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

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	978	333	818
New leases	–	1,090	–
Accretion of interest recognised during the year/period	27	11	11
Payments	<u>(672)</u>	<u>(616)</u>	<u>(280)</u>
Carrying amount at the end of the year/period	<u>333</u>	<u>818</u>	<u>549</u>
Analysed into:			
Current portion	333	541	549
Non-current portion	<u>–</u>	<u>277</u>	<u>–</u>

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

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on lease liabilities	27	11	3	11
Depreciation charge of right-of-use assets	652	624	326	273
Expenses relating to short-term leases	<u>73</u>	<u>160</u>	<u>71</u>	<u>51</u>
Total amount recognised in profit or loss	<u>752</u>	<u>795</u>	<u>400</u>	<u>335</u>

16. OTHER INTANGIBLE ASSETS

The Group

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	11,219	513	11,732
Transfers	–	2,514	2,514
Amortisation provided during the year	(1,461)	(220)	(1,681)
At 31 December 2023	<u>9,758</u>	<u>2,807</u>	<u>12,565</u>
At 31 December 2023:			
Cost	14,608	3,238	17,846
Accumulated amortisation.	(4,850)	(431)	(5,281)
Net carrying amount	<u>9,758</u>	<u>2,807</u>	<u>12,565</u>

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	9,758	2,807	12,565
Transfers	–	1,985	1,985
Amortisation provided during the year	(1,461)	(772)	(2,233)
At 31 December 2024	<u>8,297</u>	<u>4,020</u>	<u>12,317</u>
At 31 December 2024:			
Cost	14,608	5,223	19,831
Accumulated amortisation.	(6,311)	(1,203)	(7,514)
Net carrying amount	<u>8,297</u>	<u>4,020</u>	<u>12,317</u>

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 June 2025			
Cost at 1 January 2025, net of accumulated amortisation	8,297	4,020	12,317
Transfers	–	704	704
Amortisation provided during the period.	(730)	(314)	(1,044)
At 30 June 2025	<u>7,567</u>	<u>4,410</u>	<u>11,977</u>
At 30 June 2025:			
Cost	14,608	5,927	20,535
Accumulated amortisation.	(7,041)	(1,517)	(8,558)
Net carrying amount	<u>7,567</u>	<u>4,410</u>	<u>11,977</u>

The Company

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Cost at 1 January 2023, net of			
accumulated amortisation	9,392	105	9,497
Transfers	–	2,514	2,514
Amortisation provided during the year	(1,225)	(167)	(1,392)
At 31 December 2023	<u>8,167</u>	<u>2,452</u>	<u>10,619</u>
At 31 December 2023:			
Cost	12,250	2,621	14,871
Accumulated amortisation.	(4,083)	(169)	(4,252)
Net carrying amount	<u>8,167</u>	<u>2,452</u>	<u>10,619</u>

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Cost at 1 January 2024, net of			
accumulated amortisation	8,167	2,452	10,619
Transfers	–	1,985	1,985
Amortisation provided during the year	(1,225)	(720)	(1,945)
At 31 December 2024	<u>6,942</u>	<u>3,717</u>	<u>10,659</u>
At 31 December 2024:			
Cost	12,250	4,606	16,856
Accumulated amortisation.	(5,308)	(889)	(6,197)
Net carrying amount	<u>6,942</u>	<u>3,717</u>	<u>10,659</u>

	Patents and licences	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
30 June 2025			
Cost at 1 January 2025, net of			
accumulated amortisation	6,942	3,717	10,659
Transfers	–	704	704
Amortisation provided during the period.	(612)	(287)	(899)
At 30 June 2025	<u>6,330</u>	<u>4,134</u>	<u>10,464</u>
At 30 June 2025:			
Cost	12,250	5,310	17,560
Accumulated amortisation.	(5,920)	(1,176)	(7,096)
Net carrying amount	<u>6,330</u>	<u>4,134</u>	<u>10,464</u>

17. INVESTMENT IN AN ASSOCIATE

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	1,382	773	659
Goodwill on acquisition	7,055	7,055	7,055
Total	<u>8,437</u>	<u>7,828</u>	<u>7,714</u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
ABLINK Biotechnology Co., Ltd.	Ordinary shares	PRC/Mainland China	20%	Medical technology

The Group casts significant influence in the decision making of the relevant activities of the associate through its shareholdings, participation in the board or provision of technical information, which does not constitute unilateral power to direct the relevant activities of the associate and the ability to use the power over the associate to affect the amount of the Group's returns.

The following table illustrates the financial information of the Group's associate:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the associate's loss for the year/period . .	(915)	(609)	(114)
Share of the associate's total comprehensive loss . .	(915)	(609)	(114)
Carrying amount of the Group's investment in the associate	<u>8,437</u>	<u>7,828</u>	<u>7,714</u>

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	490,451	490,451	491,451
Share-based compensation granted to employees of subsidiaries	—	37,085	47,389
Total	<u>490,451</u>	<u>527,536</u>	<u>538,840</u>

The loans from subsidiaries included in the Company's current liabilities totalling RMB8,009,000 as at 31 December 2023 are unsecured, bear interest at 3.1% per annum and are repayable on demand or within one year. The outstanding balance of the loans from subsidiaries as at 31 December 2023 was settled as at 26 November 2024.

19. INVENTORIES

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	<u>8,072</u>	<u>4,715</u>	<u>5,362</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	<u>7,015</u>	<u>4,205</u>	<u>4,747</u>

20. TRADE RECEIVABLES

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	2,000	141	119
Impairment	<u>—</u>	<u>—</u>	<u>—</u>
Net carrying amount	<u>2,000</u>	<u>141</u>	<u>119</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 10 days to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction dates and net of loss allowance, is as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	<u>2,000</u>	<u>141</u>	<u>119</u>

During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the Group estimated that the expected credit loss rate for trade receivables is minimal.

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	2,279	141	1,274
Impairment	—	—	—
Net carrying amount	<u>2,279</u>	<u>141</u>	<u>1,274</u>

The Company's trading terms with its customers are mainly on credit. The credit period is generally 10 days to 60 days. Each customer has a maximum credit limit. The Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction dates and net of loss allowance, is as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	<u>2,279</u>	<u>141</u>	<u>1,274</u>

During the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, the Company estimated that the expected credit loss rate for trade receivables is minimal.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Prepayment for property, plant and equipment . . .	<u>1,311</u>	<u>410</u>	<u>32,910</u>
Current:			
Prepayments	264	4,022	4,848
Deposits and other receivables	2,456	1,176	1,012
Deductible value-added tax	28,515	43,852	50,092
Amounts due from related parties	40	—	—
Capital injection from shareholders	2,073	—	—
Prepaid expenses	1,054	828	542
Deferred listing expenses	—	1,488	4,586
Total	<u>34,402</u>	<u>51,366</u>	<u>61,080</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Amounts due from subsidiaries	–	26,361	27,250
Prepayment for property, plant and equipment . .	1,311	410	32,790
Total	<u>1,311</u>	<u>26,771</u>	<u>60,040</u>
Current:			
Prepayments	237	3,790	4,738
Deposits and other receivables	148	67	604
Deductible value-added tax	24,135	38,423	44,364
Amounts due from subsidiaries	15,285	115,392	99,504
Capital injection from shareholders	2,073	–	–
Prepaid expenses	288	206	188
Deferred listing expenses	–	1,488	4,586
Total	<u>42,166</u>	<u>159,366</u>	<u>153,984</u>

The balances are interest-free and are not secured with collateral.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2024 and 30 June 2025, the loss allowance was minimal.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS**The Group**

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	321,671	609,358	533,676
Less: Restricted deposits	–	(85,200)	(80,284)
Cash and cash equivalents	<u>321,671</u>	<u>524,158</u>	<u>453,392</u>
Denominated in RMB	258,892	533,600	469,943
Denominated in US\$	62,779	75,758	63,733
Cash and bank balances	<u>321,671</u>	<u>609,358</u>	<u>533,676</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	306,494	489,320	434,752
Less: Restricted deposits	–	(78,700)	(73,700)
Cash and cash equivalents	<u>306,494</u>	<u>410,620</u>	<u>361,052</u>
Denominated in RMB	245,816	415,695	373,144
Denominated in US\$	60,678	73,625	61,608
Cash and bank balances	<u>306,494</u>	<u>489,320</u>	<u>434,752</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Deposits of RMB80,200,000 were frozen by the bank as at 31 December 2024 by the order of the courts in the PRC pursuant to a legal claim. A deposit of RMB5,000,000 was held as collateral for a letter of guarantee and was released as at 2 January 2025.

The bank balances are deposited with creditworthy banks with no recent history of default.

23. OTHER PAYABLES AND ACCRUALS

The Group

		As at 31 December		As at 30 June
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Payroll payables		12,139	17,631	14,591
Contract liabilities	(a)	18,360	58,374	536
Payables for purchase of property, plant and equipment		34,467	34,086	72,248
Other payables	(b)	14,844	10,702	35,349
Amounts due to related parties		–	336	156
Provision for losses on litigation	(c)	–	–	55,080
Accrual for property, plant and equipment	(d)	–	–	31,014
Tax payables		976	1,160	1,038
Accrued listing expenses		–	2,813	2,934
Total		<u>80,786</u>	<u>125,102</u>	<u>212,946</u>

Notes:

(a) Details of contract liabilities are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Short-term advances received from customers</i>			
Licence fee	–	40,002	–
Technical services	18,360	18,368	508
Sale of materials	–	4	28
Total	<u>18,360</u>	<u>58,374</u>	<u>536</u>

Contract liabilities include advances received for licence fee, technical services and sale of materials. The increase in contract liabilities during the Relevant Periods was mainly due to the increase in short-term advances received from customers in relation to the licence fee during the Relevant Periods.

(b) Other payables primarily consist of accrued or invoiced but unpaid fees for services from contract research organisations (“CROs”) and contract development manufacture organisations (“CDMOs”). As of 30 June 2025, other payables of RMB18,360,000 were related to a legal claim as set out in note (c).

- (c) As at 30 June 2025, the Group was involved in litigation associated with a technology transfer agreement with a biotechnology company. This agreement and related dispute only involves a drug asset that falls outside the Group's current and future pipeline with no overlap to the Group's existing products and indications.

Pursuant to the first instance judgement in May 2025 issued by the PRC District Court, the Group was ordered to (i) make payment amounting to approximately RMB55,080,000 which had been fully recognised in "Provision for losses on litigation" in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2025; and (ii) return the aforesaid balance of advances from the plaintiff, of which RMB18,360,000 was recognised in "Other payables" as at 30 June 2025. The Group has filed for appeals for such judgement to the PRC District Court.

- (d) As at 30 June 2025, the Group was involved in litigation associated with a pharmaceutical enterprise regarding a construction project. The dispute arose from a tripartite agreement between this enterprise, the Group and a construction company related to this construction project. The Group was being claimed, as one of the defendants, for unpaid construction fees and interest.

Pursuant to the first instance judgement in August 2025 issued by the PRC District Court, the Group was held jointly and severally liable to pay the outstanding construction fees along with applicable interest which had been fully recognised in "Accrual for property, plant and equipment" in "Other payables" at 30 June 2025. The construction fees and interest paid by the Group will serve as consideration for acquisition of ownership of the construction project.

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	7,994	12,785	10,464
Contract liabilities	—	12	536
Payables for purchase of property, plant and equipment	34,109	34,009	72,176
Other payables (a)	11,534	9,273	12,276
Amounts due to related parties	—	336	156
Amounts due to subsidiaries	—	10,500	—
Accrual for property, plant and equipment (b)	—	—	31,014
Tax payables	795	1,027	884
Accrued listing expenses	—	2,813	2,934
Total	<u>54,432</u>	<u>70,755</u>	<u>130,440</u>

Notes:

- (a) Other payables primarily consist of accrued or invoiced but unpaid fees for services from contract research organisations ("CROs") and contract development manufacture organisations ("CDMOs").
- (b) As at 30 June 2025, the Company was involved in litigation associated with a pharmaceutical enterprise regarding a construction project.

Pursuant to the first instance judgement in August 2025 issued by the PRC District Court, the Company was held jointly and severally liable to pay the outstanding construction fees along with applicable interest which had been recognised in "Accrual for property, plant and equipment" in "Other payables" at 30 June 2025. The construction fees and interest paid by the Company will serve as consideration for acquisition of ownership of the construction project.

24. INTEREST-BEARING BANK BORROWINGS

	As at 31 December						As at 30 June		
	2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Current portion of long term bank loans – secured (a)	3.95%	2024	30,825	3.10%-3.75%	2025	22,850	2.75%-3.45%	2026	33,535
Current portion of long term bank loans – secured and guaranteed (b)	3.96%	2024	14,267	–	–	–	–	–	–
Current portion of long term bank loans – unsecured	–	–	–	3.10%-3.45%	2025	16,888	2.75%-3.45%	2026	39,684
Bank loans – secured (a)	3.10%	2024	20,019	3.10%	2025	20,019	–	–	–
Bank loans – unsecured	–	–	–	3.10%	2025	9,808	–	–	–
Total current			<u>65,111</u>			<u>69,565</u>			<u>73,219</u>
Non-current									
Bank loans – secured (a)	3.95%	2025-2026	30,750	3.10%-3.75%	2026-2034	90,710	2.75%-3.45%	2026-2034	106,841
Bank loans – secured and guaranteed (b)	3.96%	2025-2030	14,233	–	–	–	–	–	–
Bank loans – unsecured	–	–	–	3.10%-3.45%	2026	41,580	2.75%-3.10%	2026-2027	63,360
Total non-current			<u>44,983</u>			<u>132,290</u>			<u>170,201</u>
Total			<u>110,094</u>			<u>201,855</u>			<u>243,420</u>

	As at 31 December		As at 30 June	
	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	
Analysed into:				
Bank loans repayable:				
Within one year or on demand	65,111	69,565	73,219	
In the second year	22,846	93,227	117,181	
In the third to fifth years, inclusive	22,137	10,190	15,665	
Beyond five years	–	28,873	37,355	
Total	<u>110,094</u>	<u>201,855</u>	<u>243,420</u>	

Notes:

- (a) These bank loans were secured by the Group's property, plant and equipment with carrying amounts of RMB187,078,000, RMB470,366,000 and RMB534,053,000 as at 31 December 2023 and 2024 and 30 June 2025, respectively, and by leasehold land with carrying amounts of RMB51,926,000 and RMB51,357,000 as at 31 December 2024 and 30 June 2025, respectively.
- (b) The bank loan was secured by the Group's leasehold land with a carrying amount of RMB53,066,000 as at 31 December 2023, and was guaranteed by a director of the Group.

25. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets	Non-monetary investment	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023.	393	1,815	2,208
Deferred tax credited to profit or loss during the year (Note 11).	(223)	(907)	(1,130)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	170	908	1,078
Deferred tax charged/(credited) to profit or loss during the year (Note 11).	358	(908)	(550)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	528	—	528
Deferred tax credited to profit or loss during the period (Note 11).	(92)	—	(92)
Gross deferred tax liabilities at 30 June 2025	436	—	436

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	369	1,815	2,184
Deferred tax charged to profit or loss during the year (Note 11).	(222)	(907)	(1,129)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	147	908	1,055
Deferred tax credited/(charged) to profit or loss during the year (Note 11).	361	(888)	(527)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	508	20	528
Deferred tax charged to profit or loss during the period (Note 11).	(92)	—	(92)
Gross deferred tax assets at 30 June 2025	416	20	436

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position as at 31 December 2023 and 2024 and 30 June 2025. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position . .	—	—	—
Net deferred tax liabilities recognised in the consolidated statements of financial position . .	23	—	—

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	810,058	1,168,193	1,320,780

The Group has tax losses arising in Mainland China of RMB810,058,000, RMB1,168,193,000 and RMB1,320,780,000 as at 31 December 2023 and 2024 and 30 June 2025, respectively, that will expire one to ten years for offsetting against its future taxable profits.

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

The Company

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

	Right-of-use assets
	RMB'000
At 1 January 2023	171
Deferred tax credited to profit or loss during the year	(98)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	73
Deferred tax charged to profit or loss during the year	70
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	143
Deferred tax credited to profit or loss during the period	(41)
Gross deferred tax liabilities at 30 June 2025	102

Deferred tax assets

	Lease liabilities	Losses available for offsetting against future taxable profits	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	147	—	147
Deferred tax charged to profit or loss during the year	(97)	—	(97)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	50	—	50
Deferred tax credited to profit or loss during the year	73	20	93
Gross deferred tax assets at 31 December 2024 and 1 January 2025	123	20	143
Deferred tax charged to profit or loss during the period	(41)	—	(41)
Gross deferred tax assets at 30 June 2025	82	20	102

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statements of financial position as at 31 December 2023 and 2024 and 30 June 2025. The following is an analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statements of financial position	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>
Net deferred tax liabilities recognised in the statements of financial position	23	–	–
	<u>–</u>	<u>–</u>	<u>–</u>

Deferred tax assets have not been recognised in respect of the following item:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	296,990	546,427	699,976
	<u>–</u>	<u>–</u>	<u>–</u>

The Company has tax losses arising in Mainland China of RMB296,990,000, RMB546,427,000 and RMB699,976,000 as at 31 December 2023 and 2024 and 30 June 2025, respectively, that will expire in one to ten years for offsetting against its future taxable profits.

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

26. DEFERRED INCOME

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Income-related government grants	4,850	8,050	8,250
Asset-related government grants	27,980	28,980	31,680
Total	<u>32,830</u>	<u>37,030</u>	<u>39,930</u>

Movements of income-related government grants:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year/period	4,450	4,850	8,050
Government grants received	400	3,200	200
At end of year/period	<u>4,850</u>	<u>8,050</u>	<u>8,250</u>

Movements of asset-related government grants:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year/period	27,980	27,980	28,980
Government grants received	—	1,000	2,700
At end of year/period	<u>27,980</u>	<u>28,980</u>	<u>31,680</u>

During the years ended 31 December 2023 and 2024 and 30 June 2025, the Group received government grants of RMB400,000, RMB3,200,000 and RMB200,000, respectively, to compensate for the expense arising from the Group's research projects. The grants related to income were recognised in profit or loss upon the compliance with the conditions attached to the grants and the government's acknowledgement of acceptance. The grants related to assets will be recognised in profit or loss over the expected useful life of the relevant asset by equal annual instalments upon the compliance with the conditions attached to the grants and the government's acknowledgement of acceptance.

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Income-related government grants	1,850	5,050	5,250
Asset-related government grants	<u>24,980</u>	<u>24,980</u>	<u>27,680</u>
Total	<u>26,830</u>	<u>30,030</u>	<u>32,930</u>

Movements of income-related government grants:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year/period	1,450	1,850	5,050
Government grants received	<u>400</u>	<u>3,200</u>	<u>200</u>
At end of year/period	<u>1,850</u>	<u>5,050</u>	<u>5,250</u>

Movements of asset-related government grants:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning and end of year/period	24,980	24,980	24,980
Government grants received	<u>—</u>	<u>—</u>	<u>2,700</u>
At end of year/period	<u>24,980</u>	<u>24,980</u>	<u>27,680</u>

27. SHARE CAPITAL

Shares

	As at 31 December				As at 30 June	
	2023		2024		2025	
	Numbers of shares	Amount	Numbers of shares	Amount	Numbers of shares	Amount
		RMB'000		RMB'000		RMB'000
Issued and fully paid:						
ordinary shares	49,973,075	49,973	57,259,093	57,259	57,613,953	57,614
Issued but not fully paid	2,073,119	2,073	–	–	–	–

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital
			RMB'000
At 1 January 2023		48,401,869	48,402
Capital injection	(a)	3,644,325	3,644
At 31 December 2023 and 1 January 2024		52,046,194	52,046
Capital injection	(b)	5,212,899	5,213
At 31 December 2024 and 1 January 2025		57,259,093	57,259
Capital injection	(b)	354,860	355
At 30 June 2025		57,613,953	57,614

Notes:

- (a) In August 2022, the Company entered into a capital increase agreement with Series B investors. As of 31 December 2023, total capital of RMB108,001,000 was to be injected into the Company by the Series B investors for the initial subscription with approximately RMB1,571,000 and RMB106,430,000 credited to the Company's capital and reserves, respectively. In July 2023, the Company issued a total of 2,073,119 shares of the Company to the employee stock ownership platform, Shanghai LuoJun Enterprise Management Partnership Enterprise (Limited Partnership) ("Shanghai LuoJun"). As of 31 December 2023, total capital of RMB2,073,000 was to be injected into the Company by the employee stock ownership platform and credited to the Company's capital and was settled as at 31 December 2024.
- (b) In July 2024, the Company entered into a capital increase agreement with Series C investors. As of 31 December 2024, total capital of RMB425,700,000 was contributed by these investors with approximately RMB5,035,000 and RMB420,665,000 credited to the Company's capital and reserves, respectively. In December 2024, the Company entered into a capital increase agreement with Series C+ investors. According to the agreement, total capital of RMB45,000,000 was to be injected into the Company by the Series C+ investors for the initial subscription with approximately RMB533,000 and RMB44,467,000 credited to the Company's capital and reserves, respectively. As of 31 December 2024, RMB15,000,000 of the total capital was contributed by these investors with approximately RMB178,000 and RMB14,822,000 credited to the Company's capital and reserves, respectively. The remaining balance of RMB30,000,000 was received as at 3 January 2025, with approximately RMB355,000 and RMB29,645,000 credited to the Company's capital and reserves.

Prior to the Relevant Periods, the Company entered into respective shareholders' agreements and share subscription agreements (collectively, the "Agreements") with various pre-IPO Investors (collectively, the "Pre-IPO Investors") and issued ordinary shares thereto with a total consideration of approximately RMB1,530.6 million (collectively, the "Pre-IPO Investments") with the respective par value being recorded as share capital and the remainder as reserves. Pursuant to the Agreements, the Pre-IPO Investors were granted by the Company with special rights ("Special Rights") which included redemption rights, anti-dilution rights and liquidation preferences rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

The Company and the Pre-IPO Investors subsequently entered into a supplemental agreement on 28 April 2023, and the Series C Financing and Series C+ Financing shareholders' agreements on 18 July 2024 and 18 December 2024, respectively, agreeing that certain of the Special Rights are granted by the Company to Pre-IPO investors, including redemption rights, anti-dilution rights and liquidation preferences rights. Specifically, (i) the redemption rights, anti-dilution rights and liquidation preference rights granted by our Company under Series A Financing, Series A1 Financing and Series B Financing shareholders' agreements have been irrecoverably terminated according to the supplemental agreement dated 28 April 2023 and shall be deemed void ab initio, and (ii) both the Series C Financing shareholders' agreement and the Series C+ Financing shareholders' agreement contain a listing application-triggered termination provision, which provides that, if and when the Company submits a listing application to the Stock Exchange, the above special rights shall be deemed as automatically and irrecoverably terminated on 30 September 2024 and shall be void ab initio. Following execution of Series C+ Financing shareholders' agreement, such agreement has superseded and replaced the Series C Financing shareholders' agreement on 18 December 2024 in their entirety, including the provisions in relation to the special rights. On 21 January 2025, the Company submitted the listing application to the Stock Exchange. As such, the special rights granted by the Company to Pre-IPO Investors contained in the Series C+ Financing shareholders' agreement were deemed to be terminated on 30 September 2024 and void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the relevant supplemental agreement and shareholders' agreements, the directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the relevant supplemental agreement and shareholders' agreements, (i) the redemption financial liabilities, total current liabilities, net current assets and net assets would have been:

	As at 31 December 2024
	<i>RMB'000</i>
Redemption financial liabilities	1,806,280
Total current liabilities	2,002,511
Net current assets	(1,336,931)
Net assets	(810,404)

; and (ii) the Company's finance costs associated with the redemption financial liabilities, net loss for the year/period, basic and diluted loss per share would have been:

	For the year ended 31 December		For the six months ended 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial costs associated with the redemption			
financial liabilities	27,101	65,638	9,526
Total net loss	(187,496)	(430,071)	(192,622)
Basic and diluted loss per share (expressed in RMB)	(3.71)	(8.03)	(3.34)

28. RESERVES**The Group**

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(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 comprises the fair value of restricted share units granted which are yet to be exercised, further details of which are included in note 30 to the Historical Financial Information.

The Company

	Share premium	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023.	1,255,113	—	(89,837)	1,165,276
Loss and total comprehensive loss for the year	—	—	(104,102)	(104,102)
Capital injection (a)	118,680	—	—	118,680
Conversion into a joint stock company (b)	(120,695)	—	120,695	—
At 31 December 2023 and 1 January 2024	1,253,098	—	(73,244)	1,179,854
Loss and total comprehensive loss for the year	—	—	(263,926)	(263,926)
Capital injection (c)	452,818	—	—	452,818
Equity-settled share-based payment expense	—	153,152	—	153,152
At 31 December 2024 and 1 January 2025	1,705,916	153,152	(337,170)	1,521,898
Loss and total comprehensive loss for the period	—	—	(134,214)	(134,214)
Capital injection	29,645	—	—	29,645
Equity-settled share-based payment expense	—	46,805	—	46,805
At 30 June 2025	1,735,561	199,957	(471,384)	1,464,134

Notes:

- (a) A summary of the movements in the Company's share capital and reserves arising from the capital injection by the Series B investors and Shanghai Luojun is included in note 27 to the Historical Financial Information. During the year ended 31 December 2023, the proceeds of RMB12,250,000 from Dr. Liu Yanjun was credited to the Company's share premium.
- (b) The Company was converted into a joint stock company with limited liability under the Company Law of the PRC on 26 July 2023. Accumulated losses of RMB120,695,000 were converted to the Company's share premium.
- (c) A summary of the movements in the Company's share capital and reserves arising from the capital injections by the Series C and C+ investors is included in note 27 to the Historical Financial Information. Besides, during the year ended 31 December 2024, proceeds of RMB17,331,000 from Shanghai Luojun were credited to the Company's share premium.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023 and 2024 and six months ended 30 June 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB180,000, RMB4,022,000 and RMB238,000, respectively, in respect of lease agreements.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2023

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2023	101,328	2,531
Changes from financing cash flows	4,445	(1,763)
New leases	–	180
Interest expense	4,321	73
At 31 December 2023	<u>110,094</u>	<u>1,021</u>

Year ended 31 December 2024

	Interest-bearing bank borrowings	Lease liabilities	Accrued listing expenses
	RMB'000	RMB'000	RMB'000
At 1 January 2024	110,094	1,021	–
Changes from financing cash flows	86,259	(1,707)	(1,460)
Changes from operating cash flows	–	–	(2,781)
New leases	–	4,022	–
Interest expense	5,502	68	–
Listing expenses	–	–	5,566
Deferred listing expenses	–	–	1,488
At 31 December 2024	<u>201,855</u>	<u>3,404</u>	<u>2,813</u>

Six months ended 30 June 2024

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	RMB'000
	(unaudited)	(unaudited)
At 1 January 2024	110,094	1,021
Changes in financing cash flows	46,507	(882)
New leases	–	1,371
Interest expense	2,539	35
At 30 June 2024	<u>159,140</u>	<u>1,545</u>

Six months ended 30 June 2025

	Interest-bearing bank borrowings	Lease liabilities	Accrued listing expenses
	RMB'000	RMB'000	RMB'000
At 1 January 2025	201,855	3,404	2,813
Changes in financing cash flows	38,009	(886)	(2,597)
Changes from operating cash flows	—	—	(14,303)
New leases	—	238	—
Interest expense	3,556	50	—
Listing expenses	—	—	12,435
Deferred listing expenses	—	—	4,586
At 30 June 2025	<u>243,420</u>	<u>2,806</u>	<u>2,934</u>

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

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

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating activities	93	166	77	51
Within financing activities	<u>1,763</u>	<u>1,707</u>	<u>882</u>	<u>886</u>
Total	<u>1,856</u>	<u>1,873</u>	<u>959</u>	<u>937</u>

30. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted the restricted share unit scheme (“RSU”) pursuant to the resolutions passed on 16 August 2023, for the purpose of recognising the contributions by the employees, directors, officers, advisors and consultants of any member of the Group by providing them with incentives in order to retain them for the continual operation and development of the Group and attracting suitable personnel for further development of the Group.

On the grant date of 5 January 2024, the employee stock ownership platform, Shanghai Luoxu Management Consulting Partnership (Limited Partnership), granted restricted shares to 18 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 504,328.55, including 467,239.50 RSUs and 37,089.05 RSUs granted to 17 employees who joined the Group prior to or on 5 January 2020 and 1 employee who joined the Group after 5 January 2020, respectively. The RSUs to grantees who joined the Group prior to or on 5 January 2020 were granted at an exercise price of RMB1.15, which can be exercised on the date of the successful IPO (Batch 1-a). The RSUs to grantees who joined the Group after 5 January 2020 were granted at an exercise price of RMB1.15, and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining date of the employee (Batch 1-b). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

On the grant date of 5 January 2024, the employee stock ownership platform, Shanghai Luojun Enterprise Management Partnership Enterprise (Limited Partnership), granted restricted shares to 43 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 2,073,119.00, including 2,056,119.00 RSUs and 17,000.00 RSUs granted to 38 employees who joined the Group prior to or on the issue date of Series B financing and 5 employees who joined the Group after the issue date of Series B financing, respectively. The RSUs to grantees who joined the Group prior to or on issue date of Series B financing were granted at an exercise price of RMB9.36, and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the issue date of Series B financing (Batch 2-a). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO. The RSUs to grantees who joined the Group after the issue date of Series B financing were granted at an exercise price of RMB9.36, and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining dates of the employees (Batch 2-b). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

On the grant date of 5 January 2024, the employee stock ownership platform, Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership), granted restricted shares to 20 employees. The number of restricted shares granted to the incentive objects under this incentive plan is 909,081.00, including 887,193.96 RSUs and 21,887.04 RSUs granted to 13 employees who joined the Group prior to or on the issue date of Series B financing and 7 employees who joined the Group after the issue date of Series B financing, respectively. The RSUs to grantees who joined the Group prior to or on issue date of Series B financing were granted at an exercise price of RMB8.10, and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the issue date of Series B financing (Batch 3-a). Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO. The RSUs to grantees who joined the Group after the issue date of Series B financing were granted at an exercise price of RMB8.10 (Batch 3-b), and shall vest in the portions of 20%, 20%, 30% and 30% on the first, second, third and fourth anniversaries of the joining dates of the employees. Each vested RSU shall not be exercisable until the later of the following: (i) the date such RSU has vested and (ii) the successful IPO.

The fair value of the RSUs granted during the year ended 31 December 2024 was RMB267,398,000, of which the Group recognised an equity-settled share-based payment expense of RMB153,152,000 and RMB46,805,000 during the year ended 31 December 2024 and the six months ended 30 June 2025 under the RSU Scheme.

The following restricted shares were outstanding during the Relevant Periods:

	Number of shares authorised
	'000
As at 1 January 2023	—
As at 31 December 2023 and 1 January 2024	—
Granted during the year	3,487
As at 31 December 2024 and 30 June 2025	3,487

The exercise prices and the fair value at grant date of the restricted stocks outstanding as at 31 December 2024 and 30 June 2025 are as follows:

As at 31 December 2024 and 30 June 2025

	Number of shares outstanding	Exercise price	Fair value at grant date
	'000	RMB per share	RMB per share
Batch 1-a	467	1.15	83.39
Batch 1-b	37	1.15	83.39
Batch 2-a	2,056	9.36	75.18
Batch 2-b	17	9.36	75.18
Batch 3-a	887	8.10	76.44
Batch 3-b	23	8.10	76.44
Total	3,487		

The fair value of the restricted stocks granted was estimated as at the date of grant using recent transaction price, taking into account the terms and conditions upon which the RSUs were granted.

31. CONTINGENT LIABILITIES

As at 30 June 2025, the Group had pending litigation against a biotechnology company in respect of a dispute on transfer and use of intellectuals. The litigation is still ongoing and the future development cannot be estimated with certainty. The exposure of the Group had been fully provided for in these financial statements.

32. COMMITMENTS

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

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	101,880	82,001	67,807

33. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related party	Relationship with the Group
ABLINK Biotechnology Co., Ltd. 成都盛世君聯生物技術有限公司	Associate
Shanghai Luojun Enterprise Management Partnership Enterprise (Limited Partnership) 上海羅君管理諮詢合夥企業(有限合夥)	An entity controlled by a shareholder with significant influence over the Group
Lumosa Therapeutics Co., Ltd. 順天醫藥生技股份有限公司	Mutual key management personnel of the Group and the entity
Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership) 寧波鴻晟企業管理合夥企業(有限合夥)	An entity controlled by a shareholder with significant influence over the Group
Ms. Cai Qingqing 蔡清清	A supervisor of the Group

(b) The Group and the Company had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2024:

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Purchases of services				
ABLINK Biotechnology Co., Ltd.	1,382	331	297	53
Lumosa Therapeutics Co., Ltd.	475	649	337	304
Provision of services				
ABLINK Biotechnology Co., Ltd.	—	184	—	—

The pricing of services was determined according to the published prices and conditions agreed upon by the Group and the related parties.

(c) Outstanding balances with related parties:

The Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-trade:			
Prepayments, other receivables and other assets			
Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership)	20	—	—
Ms. Cai Qingqing	20	—	—
Shanghai Luojun Enterprise Management Partnership Enterprise (Limited Partnership)	2,073	—	—
Total	<u>2,113</u>	<u>—</u>	<u>—</u>
Trade:			
Other payables and accruals			
ABLINK Biotechnology Co., Ltd.	—	24	—
Lumosa Therapeutics Co., Ltd.	—	312	156
Total	<u>—</u>	<u>336</u>	<u>156</u>

The Company

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-trade:			
Prepayments, other receivables and other assets			
Ningbo Hongsheng Enterprise Management Partnership Enterprise (Limited Partnership)	20	—	—
Shanghai Luojun Enterprise Management Partnership Enterprise (Limited Partnership)	2,073	—	—
Total	<u>2,093</u>	<u>—</u>	<u>—</u>
Trade:			
Other payables and accruals			
ABLINK Biotechnology Co., Ltd.	—	24	—
Lumosa Therapeutics Co., Ltd.	—	312	156
Total	<u>—</u>	<u>336</u>	<u>156</u>

(d) Compensation of key management personnel of the Group

	Year ended 31 December		Six months ended 30 June	
	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short term employee benefits .	6,226	7,870	3,823	5,577
Post-employment benefits . . .	787	821	407	538
Equity-settled share-based payment expense	—	113,964	52,039	38,203
Total compensation paid to key management personnel .	<u>7,013</u>	<u>122,655</u>	<u>56,269</u>	<u>44,318</u>

Further details of directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

(e) Redemption rights of the Pre-IPO Investors granted by Controlling Shareholders

Prior to the Relevant Periods, the Pre-IPO Investors had been granted redemption rights by Controlling Shareholders. The Company is not a party to the agreement with the Controlling Shareholders. During the Relevant Periods, there were no side agreements or arrangements between the Company and the Controlling Shareholders regarding the redemption rights of the Pre-IPO Investors, nor had the Company provided any form of guarantee in connection with any potential default or failure by the Controlling Shareholders to fulfill their obligations relating to such redemption rights granted by Controlling Shareholders. Accordingly, no financial liability regarding redemption rights granted by controlling shareholders was recorded by the Company during the Relevant Periods.

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at amortised cost:			
Trade receivables	2,000	141	119
Financial assets included in prepayments, other receivables and other assets	2,496	1,176	1,012
Cash and cash equivalents	<u>321,671</u>	<u>609,358</u>	<u>533,676</u>
Total	<u>326,167</u>	<u>610,675</u>	<u>534,807</u>

Financial liabilities

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost:			
Interest-bearing bank borrowings	110,094	201,855	243,420
Financial liabilities included in other payables and accruals (<i>note 23</i>)	49,311	45,124	107,753
Total	<u>159,405</u>	<u>246,979</u>	<u>351,173</u>

For the details of pre-IPO investments, please refer to Note 27 to this report.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	As at 31 December		As at 30 June	As at 31 December		As at 30 June
	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities						
Interest-bearing bank borrowings – non-current . .	<u>44,983</u>	<u>132,290</u>	<u>170,201</u>	<u>47,738</u>	<u>128,683</u>	<u>171,128</u>

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), financial liabilities included in other payables and accrual and interest-bearing bank borrowings (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets and interest-bearing bank borrowings 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 own non-performance risk for interest-bearing bank borrowings at 31 December 2023 and 2024 and 30 June 2025 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of bank borrowings with floating interest rates approximate to their carrying amounts because the interest rates are adjusted periodically by reference to the fair market interest rates.

Fair value hierarchy

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

Liabilities for which fair values are disclosed:

As at 31 December 2023

Fair value measurement using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings. . .	—	47,738	—
	=	=	=

As at 31 December 2024

Fair value measurement using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings. . .	—	128,683	—
	=	=	=

As at 30 June 2025

Fair value measurement using			
Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest-bearing bank borrowings. . .	—	171,128	—
	=	=	=

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, and financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments, other receivables and other assets and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates primarily to the Group's bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity at the end of the Relevant Periods to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity (excluding retained profits):

	Increase/(decrease) in basis points	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
		RMB'000	RMB'000
31 December 2023	50	1,203	1,023
31 December 2024	50	2,258	1,919
30 June 2025	50	2,906	2,470

Foreign currency risk

The Group's major businesses are in Mainland China and the majority of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group does not have material foreign currency risk during the Relevant Periods.

Credit risk

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

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, restricted cash, trade receivables, and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	2,000	2,000
Financial assets included in prepayments, other receivables and other assets – normal**	2,496	–	–	–	2,496
Cash and bank balances – not yet past due	321,671	–	–	–	321,671
Total	324,167	–	–	2,000	326,167

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	141	141
Financial assets included in prepayments, other receivables and other assets – normal**	1,176	–	–	–	1,176
Cash and bank balances – not yet past due	609,358	–	–	–	609,358
Total	610,534	–	–	141	610,675

As at 30 June 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	119	119
Financial assets included in other receivables and other assets – normal**	1,012	–	–	–	1,012
Cash and bank balances – not yet past due	533,676	–	–	–	533,676
Total	534,688	–	–	119	534,807

* For trade receivables to which the Group applies the simplified approach for impairment, information is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There is concentration in credit risk as the balances are with a few counterparties. Except for cash and bank balances, the other balances are not material.

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 and lease liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

As at 31 December 2023				
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities	943	100	–	1,043
Financial liabilities included in other payables and accruals	49,311	–	–	49,311
Interest-bearing bank borrowings. . .	68,888	50,231	1,372	120,491
Total	<u>119,142</u>	<u>50,331</u>	<u>1,372</u>	<u>170,845</u>

As at 31 December 2024				
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities	1,650	1,888	–	3,538
Financial liabilities included in other payables and accruals	45,124	–	–	45,124
Interest-bearing bank borrowings. . .	73,568	110,478	31,790	215,836
Total	<u>120,342</u>	<u>112,366</u>	<u>31,790</u>	<u>264,498</u>

As at 30 June 2025				
	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Lease liabilities	1,772	1,124	–	2,896
Financial liabilities included in other payables and accruals	107,753	–	–	107,753
Interest-bearing bank borrowings. . .	78,898	141,669	40,790	261,357
Total	<u>188,423</u>	<u>142,793</u>	<u>40,790</u>	<u>372,006</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.

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

The gearing ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total debt	224,754	367,391	499,102
Total assets	973,880	1,363,267	1,388,687
Gearing ratio	23.08%	26.95%	35.94%

37. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events occurred after 30 June 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 June 2025.