PegBio Co., Ltd.

Underlying Financial Statements
for the years ended 31 December 2023 and 2024

KPMG Huazhen LLP
Suzhou Branch
Room 2301, Tower D
Office Building of
Suzhou Center Plaza
Suzhou Industrial Park
Suzhou 215000, China
Telephone +86 (512) 6999 6100
Fax +86 (512) 6999 6133
Internet kpmg.com/cn

毕马威华振会计师事务所
(特殊普通合伙)
苏州分所
中国苏州工业园区
苏州中心办公楼 D 座 2301 单元
邮政编码:215000
电话 +86 (512) 6999 6100
传真 +86 (512) 6999 6133
网址 kpmg.com/cn

Independent auditor's report
to the directors of PegBio Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of PegBio Co., Ltd. ("the Company") and its subsidiaries (together, the "Group") set out on pages 4 to 53, which comprise 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, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2023 and 2024 and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the Company's and the Group's financial positions as at 31 December 2023 and 2024 and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended 31 December 2023 and 2024 in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements.

Basis for opinion

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

KPMG Huazhen LLP, a People's Republic of China partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

毕马威华振会计师事务所(特殊普通合伙) — 中国合伙制会计师事务所，是与毕马威国际有限公司(英国私营担保有限公司)相关联的独立成员所全球组织中的成员。

KPMG
毕马威

Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to note 1 to the consolidated financial statements, which describes the basis of preparation and presentation. The consolidated financial statements are prepared for the purpose of the preparation of a prospectus by the directors of the Company in connection with the initial public offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial consolidated statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Kpmg Huazhen LLP

Certified Public Accountants
Room , Tower D Office
Buliding of Suzhou Center Plaza
Suzhou Industrial Park
Suzhou

19 May 2025

Consolidated statements of profit or loss and other comprehensive income

(Expressed in Renminbi)

	Note	Year ended 31 December 2023 *RMB'000*	2024 *RMB'000*
Other net income	*4*	14,635	7,007
Selling and marketing expenses		-	(7,150)
Research and development expenses		(236,731)	(95,427)
Administrative expenses		(55,358)	(185,282)
Loss from operations		(277,454)	(280,852)
Finance costs	*5(a)*	(1,727)	(2,499)
Loss before taxation	*5*	(279,181)	(283,351)
Income tax	*6*	-	-
Loss for the year		(279,181)	(283,351)
Other comprehensive income for the year (after tax and other adjustments)		-	-
Total comprehensive income for the year		(279,181)	(283,351)
Attributable to:			
Equity shareholders of the Company		(278,999)	(283,158)
Non-controlling interests		(182)	(193)
Loss and total comprehensive income for the year		(279,181)	(283,351)
Loss per share			
Basic and diluted (RMB)	*9*	(0.77)	(0.77)

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of financial position

(Expressed in Renminbi)

	Note	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
Non-current assets			
Property, plant and equipment	*10*	3,692	3,572
Right-of-use assets	*11*	3,256	1,527
Intangible assets	*12*	975	863
Other non-current assets	*13*	14,651	22,101
		22,574	28,063
Current assets			
Prepayments and other receivables	*15*	5,254	8,247
Financial assets at fair value through profit or loss ("FVPL")	*16*	263,078	153,655
Cash and cash equivalents	*17*	77,147	28,392
		345,479	190,294
Current liabilities			
Trade and other payables	*18*	97,793	56,394
Interest-bearing borrowings	*19*	65,775	100,003
Lease liabilities	*20*	1,419	1,269
		164,987	157,666
Net current assets		180,492	32,628
Total assets less current liabilities		203,066	60,691
Non-current liabilities			
Lease liabilities	*20*	1,713	221
Deferred income	*21*	6,000	3,000
		7,713	3,221
NET ASSETS		195,353	57,470

Consolidated statements of financial position (continued)

(Expressed in Renminbi)

	Note	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
CAPITAL AND RESERVES			
Share capital	*23*	366,672	366,672
Reserves		(176,792)	(314,482)
Total equity attributable to equity shareholders of the Company		189,880	52,190
Non-controlling interests		5,473	5,280
TOTAL EQUITY		195,353	57,470

Approved and authorised for issue by the board of directors on 19 May 2025.

Michael Min XU
Director

Xiaojun WANG
Director

The accompanying notes form part of the consolidated financial statements.

Statements of financial position of the Company
(Expressed in Renminbi)

	Note	At 31 December 2023	At 31 December 2024
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment	*10*	3,692	3,572
Right-of-use assets	*11*	3,256	1,527
Intangible assets	*12*	975	863
Other non-current assets	*13*	14,651	22,101
Investments in subsidiaries	*14*	6,476	6,476
		29,050	34,539
Current assets			
Prepayments and other receivables	*15*	5,254	8,247
Financial assets at FVPL	*16*	247,313	138,522
Cash and cash equivalents	*17*	77,125	28,360
		329,692	175,129
Current liabilities			
Trade and other payables	*18*	97,541	56,215
Interest-bearing borrowings	*19*	65,775	100,003
Lease liabilities	*20*	1,419	1,269
		164,735	157,487
Net current assets		164,957	17,642
Total assets less current liabilities		194,007	52,181
Non-current liabilities			
Lease liabilities	*20*	1,713	221
Deferred income	*21*	6,000	3,000
		7,713	3,221
NET ASSETS		186,294	48,960

Statements of financial position of the Company (continued)
(Expressed in Renminbi)

	Note	At 31 December 2023 *RMB'000*	At 31 December 2024 *RMB'000*
CAPITAL AND RESERVES			
Share capital	*23*	366,672	366,672
Reserves		(180,378)	(317,712)
TOTAL EQUITY		186,294	48,960

Approved and authorised for issue by the board of directors on 19 May 2025.

Michael Min XU
Director

Xiaojun WANG
Director

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of changes in equity

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company					
	Note	Share capital	Capital reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		354,510	517,554	(572,098)	299,966	5,655	305,621
Changes in equity for 2023:							
Total comprehensive income for the year		-	-	(278,999)	(278,999)	(182)	(279,181)
Capital contributions by investors	23(b)	12,162	121,638	-	133,800	-	133,800
Equity-settled share-based payments	22	-	35,113	-	35,113	-	35,113
Balance at 31 December 2023 and 1 January 2024		366,672	674,305	(851,097)	189,880	5,473	195,353
Changes in equity for 2024:							
Total comprehensive income for the year		-	-	(283,158)	(283,158)	(193)	(283,351)
Equity-settled share-based payments	22	-	145,468	-	145,468	-	145,468
Balance at 31 December 2024		366,672	819,773	(1,134,255)	52,190	5,280	57,470

The accompanying notes form part of the consolidated financial statements.

Consolidated statements of cash flows

(Expressed in Renminbi)

	Note	Year ended 31 December 2023 RMB'000	2024 RMB'000
Operating activities			
Cash used in operations	*17(b)*	(233,283)	(183,442)
Income tax paid		-	-
Net cash used in operating activities		(233,283)	(183,442)
Investing activities			
Payment for the purchase of property, plant and equipment		(617)	(876)
Payment for the purchase of intangible assets		-	(207)
Proceeds from sale of land use right		25,490	-
Payment for purchase of financial assets measured at FVPL		(518,420)	(10,142)
Proceeds from redemptions of financial assets measured at FVPL		595,169	125,578
Net cash generated from investing activities		101,622	114,353
Financing activities			
Proceeds from interest-bearing borrowings	*17(c)*	50,000	91,510
Interest paid for interest-bearing borrowings	*17(c)*	(1,389)	(2,142)
Payment for interest-bearing borrowings	*17(c)*	(31,708)	(65,956)
Payment for capital element of leases liabilities	*17(c)*	(2,064)	(1,287)
Payment for interest element of leases liabilities	*17(c)*	(128)	(107)
Payment for listing expenses		-	(1,684)
Capital contributions from investors	*23(b)*	133,800	-
Net cash generated from financing activities		148,511	20,334
Net increase/(decrease) in cash and cash equivalents		16,850	(48,755)
Effects of foreign exchange rate changes		1	-
Cash and cash equivalents at the beginning of the year		60,296	77,147
Cash and cash equivalents at the ending of the year		77,147	28,392

The accompanying notes form part of the consolidated financial statements.

Notes to the consolidated financial statements

1 Basis of preparation and presentation of consolidated financial statements

PegBio Co., Ltd.* (派格生物醫藥 (杭州) 股份有限公司) (formerly known as PegBio Co., Ltd. (派格生物醫藥(蘇州)股份有限公司)) (the "Company") was established in Suzhou, Jiangsu Province, the People's Republic of China (the "PRC") in May 2008 as a company with limited liability. Upon the approval by the Company's board meeting, the Company was converted from a company with limited liability into a joint stock company with limited liability in December 2020. The Company changed its registered address to Hangzhou, Zhejiang Province in February 2025.

The Company and its subsidiaries (together, "the Group") are principally engaged in research and development of therapies in chronic disease. The consolidated financial statements are prepared for the purpose of the preparation of the prospectus which dated on 19 May 2025 (the "Prospectus") by the directors of the Company in connection with the initial public offering of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Jiangsu Welsen Certified Public Accountants Co., Ltd. * (江蘇華星會計師事務所有限公司).

As at 31 December 2024, the Company has direct or indirect interests in the following subsidiaries, both of which are private and limited liability companies:

Company name	Place and date of incorporation/ establishment	Particulars of registered and paid-up capital	Proportion of ownership interest: Directly held by the Company	Proportion of ownership interest: Indirectly held by the Company	Principal activities
Shanghai Hanmai Biomedical Technology Co., Ltd.* 上海瀚邁生物醫藥科技有限公司 ("Shanghai Hanmai") *(i)*	The PRC 26 June 2017	RMB5,000,000	64.77%	-	Research and development of drugs
Shanghai Maiji Biomedical Technology Co., Ltd.* 上海邁跡生物醫藥科技有限公司 ("Shanghai Maiji") *(i)*	The PRC 26 June 2017	RMB5,000,000	64.77%	-	Research and development of drugs

Notes:

(i) *No audited financial statements have been prepared.*

* *The English translation of all above companies is for reference only. The official names of the companies established in the PRC are in Chinese.*

All companies comprising the Group have adopted 31 December as their financial year end date.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). As the Group's first consolidated financial statements prepared in accordance with HKFRSs, HKFRS 1 "First-time Adoption of Hong Kong Financial Reporting Standards" has been applied save for certain presentation and disclosure provisions therein. The date of transition to HKFRSs was 1 January 2023. Further details of the material accounting policy information adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised HKFRSs for each of the years ended 31 December 2023 and 2024 (the "Relevant Periods"), except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 27.

The consolidated financial statements also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

The consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets and liabilities are stated at their fair value as explained in the accounting policies as set out in Note 2(d).

(b) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholder of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)).

(d) ***Other investments in securities***

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 24(d). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(q)(i)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- fair value through other comprehensive income ("FVOCI") - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("OCI"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) ***Property, plant and equipment***

Property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(g)), are stated at cost less accumulated depreciation and impairment losses (see Note 2(h)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Vehicle	5 years
Equipment	3 - 10 years
Leasehold improvements	Shorter of useful lives or lease term
Right-of-use assets	Over the lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(h)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software	5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(h)(ii)). Depreciation is calculated using the straight line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(d)(i), 2(q)(i) and 2(h)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and

- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

All receivables are initially measured at fair value plus transaction costs and subsequently stated at amortised cost (see Note 2(h)(i)).

Payment made in advance of receiving the related services is recognised as prepayment.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(h)(i)).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) *Interest-bearing borrowings*

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(s).

(n) *Employee benefits*

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The fair value of share-based payment awards granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is measured at grant date by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the shares is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of equity-settled share-based payments award that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of equity-settled share-based payments award that vest (with a corresponding adjustment to the capital reserve). except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the equity-settled share-based payments award is exercised (when it is included in the amount recognised in share capital for the shares issued) or the equity-settled share-based payments award expires (when it is released directly to retained profits).

When the terms or conditions of equity-settled share-based payment awards with employees are modified to reduce the vesting period, the grant-date fair value is recognised as expenses over the modified vesting period. The cumulative expenses up to the modification date are trued up to what would have been based on the modified vesting period, and the true-up adjustment is recognised immediately in the expenses.

When the terms or conditions of equity-settled share-based payment awards are modified to reduce the number of equity instruments granted to employees, the reduction is accounted for as a cancellation of that portion of the awards.

When the equity-settled share-based payment awards granted to employees are cancelled during the vesting period, the amount of the grant-date fair value that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately in the expenses as if vesting were accelerated on the date of cancellation.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(o) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Other income

(i) Interest income

Interest income is recognised using the effective interest method. The “effective interest rate” is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(ii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss over the useful life of the asset.

(r) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statement, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the purpose of resource allocation and performance assessment, the Group's most senior executive management, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence. During the Relevant Periods, the Group has only one reportable segment which is engaged in the research and development of drugs.

3 Accounting judgement and estimates

(a) Critical accounting judgement in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) *Research and development expenses*

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria met for capitalisation. All development expenses were expensed when incurred during the Relevant Periods.

(b) Key sources of estimation uncertainty

Notes 22 and 24(d) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors of the Company. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

4 Other net income

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Net realised and unrealised gain on financial instruments carried at FVPL	6,325	6,013
Government grants	2,806	267
Interest income on bank deposits	5,285	802
Others	219	(75)
	14,635	7,007

5 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	1,599	2,392
Interest on lease liabilities	128	107
	1,727	2,499

(b) Staff costs

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	42,770	36,173
Contributions to defined contribution retirement plan *(i)*	2,906	2,615
Equity-settled share-based payment expenses *(Note 22)*	35,113	145,468
	80,789	184,256

(c) Other items

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment *(Note 10)*	1,296	829
Depreciation of right-of-use assets *(Note 11)*	2,144	1,374
Amortisation of intangible assets *(Note 12)*	308	295
Reversal of impairment loss on other receivables	(64)	-*
Auditors' remuneration	-	3,198
Research and development expenses *(ii)*	236,731	95,427
Listing expenses in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited *(iii)*	171	35,492

* less than RMB1,000

(i) Pursuant to the relevant labor rules and regulations in the PRC, the Company and its subsidiaries in the PRC to participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(ii) During the years ended 31 December 2023 and 2024, research and development expenses include staff costs, depreciation and amortisation expenses of RMB37,640,000 and RMB46,061,000 respectively, in which the respective amounts are also disclosed separately above.

(iii) During the years ended 31 December 2023 and 2024, the Group recognised auditors' remuneration in respect of initial public offering of nil and RMB3,198,000 respectively, which is also included in the listing expenses disclosed separately above.

6 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

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

(i) The PRC

The Company's subsidiaries established and operated in the PRC are subject to the PRC corporate income tax at the rate of 25%.

According to the tax incentive policies promulgated by the State Tax Bureau of the PRC in September 2022, an additional 100% of qualified research and development expenses incurred for the years ended 31 December 2023 and 2024 is allowed to be deducted from taxable income.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Loss before taxation	(279,181)	(283,351)
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	(69,795)	(70,838)
Effect of non-deductible expenses	257	288
Effect of share-based payment expenses	8,778	36,367
Effect of deferred tax assets in respect of temporary differences and tax losses not recognised	104,322	48,538
Tax effect of super deduction for research and development expenses *(Note 6(a)(i))*	(43,562)	(14,355)
Actual tax expense	-	-

(c) Deferred tax assets not recognised:

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

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Year ended 31 December 2023						
	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Sub-Total *RMB'000*	Equity-settled share-based payments# *RMB'000*	Total *RMB'000*
Executive directors							
Michael Min Xu (Chairman)	-	2,304	960	46	3,310	23,608	26,918
Xiaojun Wang (王小軍)	-	870	354	81	1,305	3,116	4,421
Non-executive directors							
Hongkai Li (李宏凱)	-	-	-	-	-	-	-
Ting Zhai (翟婷)	-	-	-	-	-	-	-
Yuhong Xu (徐宇虹)	-	-	-	-	-	-	-
Xiangjun Zhou	-	-	-	-	-	-	-
Independent non-executive directors							
Jiancun Zhang	100	-	-	-	100	-	100
Yangyang Chen (陳秧秧)	100	-	-	-	100	-	100
Jiang Chang (常江)*(ii)*	100	-	-	-	100	-	100
Supervisors							
Mengjiao Wang (王夢嬌)	-	139	54	26	219	234	453
Zheng Wu (吳正)*(i)*	-	-	-	-	-	-	-
Yongjun Kong (孔勇軍)	-	-	-	-	-	-	-
	300	3,313	1,368	153	5,134	26,958	32,092

	Year ended 31 December 2024						
	Directors' fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Discretionary bonuses *RMB'000*	Retirement scheme contributions *RMB'000*	Sub-Total *RMB'000*	Equity-settled share-based payments# *RMB'000*	Total *RMB'000*
Executive directors							
Michael Min Xu (Chairman)	-	2,328	657	47	3,032	106,985	110,017
Xiaojun Wang (王小軍)	-	894	255	84	1,233	9,885	11,118
Non-executive directors							
Hongkai Li (李宏凱)	-	-	-	-	-	-	-
Ting Zhai (翟婷)	-	-	-	-	-	-	-
Yuhong Xu (徐宇虹)	-	-	-	-	-	-	-
Xiangjun Zhou	-	-	-	-	-	-	-
Independent non-executive directors							
Jiancun Zhang	100	-	-	-	100	-	100
Yangyang Chen (陳秧秧)	100	-	-	-	100	-	100
Jiang Chang (常江)*(ii)*	-	-	-	-	-	-	-
Xinpeng Fan (范新鵬)*(iii)*	214	-	-	-	214	-	214
Supervisors							
Mengjiao Wang (王夢嬌)	-	144	58	27	229	889	1,118
Zheng Wu (吳正)*(i)*	-	-	-	-	-	-	-
Yongjun Kong (孔勇軍)	-	-	-	-	-	-	-
Dong Li (李東)*(iii)*	-	-	-	-	-	-	-
	414	3,366	970	158	4,908	117,759	122,667

Notes:

(i) *Zheng Wu (吳正) retired in February 2024.*

(ii) *Jiang Chang (常江) retired in February 2024.*

(iii) *Xinpeng Fan (范新鵬) and Dong Li (李東) were appointed as an independent non-executive director and a supervisor of the Company, respectively in 14 February 2024.*

(iv) *For the years ended 31 December 2023 and 2024, no director of the Company has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.*

\# *These represent the estimated value of the RSUs (Note 22) granted to the directors of the Company under the Company's restricted share unit scheme. The value of these RSUs is measured according to the Group's accounting policy for share-based payment transactions as set out in Note 2(n)(ii). The details of the RSUs, including the principal arrangements are disclosed in Note 22.*

8 Individuals with highest emoluments

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2023 and 2024, 2 and 2 are directors whose emoluments are disclosed in Note 7 and the emoluments in respect of the remaining, 3 and 3 individuals during the Relevant Periods are as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Salaries, allowance and benefits in kind	3,534	1,828
Discretionary bonuses	1,309	128
Retirement scheme contributions	155	133
Equity-settled share-based payments	2,962	17,768
	7,960	19,857

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 December	
	2023	2024
HKD2,000,001 – HKD2,500,000	2	-
HKD3,000,001 – HKD3,500,000	-	1
HKD4,000,001 – HKD4,500,000	1	-
HKD5,000,001 – HKD5,500,000	-	1
HKD13,000,001 – HKD13,500,000	-	1
	3	3

For the years ended 31 December 2023 and 2024, no amounts were paid or payable by the Group to the above non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Loss per share

The calculation of the basic and diluted loss per share during the Relevant Periods is based on the loss for the year attributable to equity shareholders of the Company divided by the weighted average number of shares, calculated as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	RMB'000
Loss for the year attribute to equity shareholders of the Company	278,999	283,158

(i) Weighted average number of shares

	Year ended 31 December	
	2023	2024
	'000	*'000*
Issued shares at the beginning of the year	354,510	366,672
Effect of capital contributions by investors *(Note 23(b))*	7,095	-
Weighted average number of shares at the end of the year for the purposes of basic loss per share	361,605	366,672

(ii) Diluted loss per share

For the years ended 31 December 2023 and 2024, the Company did not have any outstanding ordinary shares or potential ordinary shares with potential dilution effects. Therefore, diluted loss per share is the same as basic loss per share.

10 Property, plant and equipment

The Group and the Company

	Vehicle *RMB'000*	Equipment *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost:				
At 1 January 2023	1,359	10,413	6,236	18,008
Additions	-	546	-	546
Disposals	-	(2)	-	(2)
At 31 December 2023 and 1 January 2024	1,359	10,957	6,236	18,552
Additions	-	775	-	775
Disposals	-	(678)	-	(678)
At 31 December 2024	1,359	11,054	6,236	18,649
Accumulated depreciation:				
At 1 January 2023	(1,019)	(6,387)	(6,160)	(13,566)
Charge for the year	(88)	(1,132)	(76)	(1,296)
Written back on disposals	-	2	-	2
At 31 December 2023 and 1 January 2024	(1,107)	(7,517)	(6,236)	(14,860)
Charge for the year	(88)	(741)	-	(829)
Written back on disposals	-	612	-	612
At 31 December 2024	(1,195)	(7,646)	(6,236)	(15,077)
Net book value:				
At 31 December 2023	252	3,440	-	3,692
At 31 December 2024	164	3,408	-	3,572

11 Right-of-use assets

The Group has obtained the right to use certain office buildings through tenancy agreements during the Relevant Periods. The leases typically run for an initial period of 3 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets by class of underlying asset is presented below:

The Group and the Company

	Office building *RMB'000*	Land use right *RMB'000*	Total *RMB'000*
Cost:			
At 1 January 2023 and 1 January 2024	4,437	26,255	30,692
Additions	6,803	-	6,803
Disposals	(7,125)	(26,255)	(33,380)
At 31 December 2023, 1 January 2024 and 31 December 2024	4,115	-	4,115
Additions	362	-	362
Disposals	(1,133)	-	(1,133)
At 31 December 2024	3,344	-	3,344
Accumulated depreciation:			
At 1 January 2023	(3,718)	(1,168)	(4,886)
Charge for the year	(1,853)	(291)	(2,144)
Written back on disposals	4,712	1,459	6,171
At 31 December 2023 and 1 January 2024	(859)	-	(859)
Charge for the year	(1,374)	-	(1,374)
Written back on disposals	416	-	416
At 31 December 2024	(1,817)	-	(1,817)
Net book value:			
At 31 December 2023	3,256	-	3,256
At 31 December 2024	1,527	-	1,527

In 2021, the Company obtained land use rights located in Suzhou, the PRC. During the year ended 31 December 2023, the Company disposed such land use right to the government at a consideration of RMB25,490,000 resulting in a gain on disposal of RMB694,000.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset: *(Note 5(c))*		
Land use right	291	-
Properties leased for own use	1,853	1,374
	2,144	1,374
Interest on lease liabilities *(Note 17(c))*	128	107
Expense relating to short-term leases	285	298

The total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(d) and 24(b), respectively.

12 Intangible assets

The Group and the Company

	Software
	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 1 January 2024	1,711
Additions	183
31 December 2024	1,894
Accumulated amortisation:	
At 1 January 2023	(428)
Charge for the year	(308)
At 31 December 2023	(736)
Charge for the year	(295)
31 December 2024	(1,031)
Net book value:	
At 31 December 2023	975
At 31 December 2024	863

13 Other non-current assets

The Group and the Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Value-added tax recoverable	14,651	22,101

As at 31 December 2023 and 2024, value-added tax recoverable amounting to RMB14,651,000 and RMB22,101,000, respectively were recognised as other non-current assets as they are expected to be deducted from future value-added tax payables arising on the Group's revenue which are not expected to be generated within the next 12 months from the end of each of the reporting period.

14 Investments in subsidiaries

The Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Unlisted, at cost		
Shanghai Hanmai	3,238	3,238
Shanghai Maiji	3,238	3,238
	6,476	6,476

Details of the subsidiaries are set out in Note 1.

15 Prepayments and other receivables

The Group and the Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Prepayments to suppliers	5,204	2,886
Prepayments for listing expenses	-	1,999
Other debtors and deposits	50	3,362
	5,254	8,247

All the prepayments and other receivables are expected to be recovered or recognised as expenses within one year.

16 Financial assets at FVPL

The Group

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Negotiable certificate of deposits with banks	247,313	138,522
Wealth management products	15,765	15,133
	263,078	153,655

The Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Negotiable certificate of deposits with banks	247,313	138,522

During the years ended 31 December 2023 and 2024, the Group invested in certain negotiable certificate of deposits with banks in the PRC. The negotiable certificate of deposits were transferable and carried at fixed interest rate ranged from 3.1% to 3.2% per annum. The directors of the Company determine such negotiable certificate of deposits are mainly for the purpose of short-term fund management, which will be sold in the secondary market within one year, depending on the cash needs. Therefore, the negotiable certificate of deposits are classified as current financial assets at FVPL.

The maturity date of wealth management products is within 1 year from each reporting date or redeemable on demand.

Valuation techniques and significant assumptions for determining the fair values of these financial assets are set out in Note 24(d).

17 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

The Group

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Cash at banks	77,147	28,392

The Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Cash at banks	77,125	28,360

(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended 31 December 2023 *RMB'000*	2024 *RMB'000*
Loss before taxation		(279,181)	(283,351)
Adjustments for:			
Depreciation of property, plant and equipment	*5(c)*	1,296	829
Amortisation of intangible assets	*5(c)*	308	295
Depreciation of right-of-use assets	*5(c)*	2,144	1,374
Finance costs	*5(a)*	1,727	2,499
Net realised and unrealised gain on financial instruments carried at FVPL	*4*	(6,325)	(6,013)
Loss on disposal of property, plant and equipment		-	66
Gain on disposal of land use right	*11*	(694)	-
Reversal of impairment loss on trade and other receivables	*5(c)*	(64)	-
Equity-settled share-based payment expenses	*5(b)*	35,113	145,468
Operating loss before changes in working capital		(245,676)	(138,833)
Changes in working capital:			
Decrease/(increase) in prepayments and other receivables		4,869	(994)
Increase in other non-current assets		(12,514)	(7,325)
Increase/(decrease) in trade and other payables		20,164	(33,290)
Decrease in deferred income		(126)	(3,000)
Cash used in operations		(233,283)	(183,442)

(c) *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings	Leases liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 19)	*(Note 20)*	
At 1 January 2023	23,349	806	24,155
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	50,000	-	50,000
Repayment of interest-bearing borrowings	(31,708)	-	(31,708)
Interest paid for interest-bearing borrowings	(1,389)	-	(1,389)
Payment for capital element of lease liabilities	-	(2,064)	(2,064)
Payment for interest element of lease liabilities	-	(128)	(128)
Total changes from financing cash flows	16,903	(2,192)	14,711
Other changes:			
Payment using the letter of credit facilities issued by the bank *(Note 24(b))*	23,924	-	23,924
Termination of the lease contracts	-	(2,413)	(2,413)
Increase in lease liabilities from entering into new leases during the year	-	6,803	6,803
Interest expense *(Note 5(a))*	1,599	128	1,727
	25,523	4,518	30,041
At 31 December 2023	65,775	3,132	68,907

	Interest-bearing borrowings	Leases liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 19)	*(Note 20)*	
At 1 January 2024	65,775	3,132	68,907
Changes from financing cash flows:			
Proceeds from interest-bearing borrowings	91,500	-	91,510
Repayment of interest-bearing borrowings	(65,956)	-	(65,956)
Interest paid for interest-bearing borrowings	(2,132)	-	(2,142)
Payment for capital element of lease liabilities	-	(1,287)	(1,287)
Payment for interest element of lease liabilities	-	(107)	(107)
Total changes from financing cash flows	23,412	(1,394)	22,018
Other changes:			
Payment using the letter of credit facilities issued by the bank *(Note 24(b))*	8,424	-	8,424
Termination of the lease contracts	-	(717)	(717)
Increase in lease liabilities from entering into new leases during the year	-	362	362
Interest expense *(Note 5(a))*	2,392	107	2,499
	10,816	(248)	10,568
At 31 December 2024	100,003	1,490	101,493

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Within operating cash flows	285	298
Within financing cash flows	2,192	1,394
	2,477	1,692

18 Trade and other payables

The Group

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Trade payables	90,613	35,123
Accrued payroll	6,340	3,958
Tax payables	806	429
Other payables and accruals	34	16,884
	97,793	56,394

The Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Trade payables	90,395	34,977
Accrued payroll	6,310	3,928
Tax payables	802	426
Other payables and accruals	34	16,884
	97,541	56,215

All of trade and other payables are expected to be settled within one year or are repayable on demand.

As at 31 December 2024, other payables and accruals primarily comprise unpaid professional service fee relating to the listing and accrued compensation costs in connection with the relocation of the Company.

As at the end of each of the reporting period, the ageing analysis of trade payables based on the invoice date, is as follows:

The Group

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	90,423	34,933
Over 1 year	190	190
	90,613	35,123

The Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	90,205	34,787
Over 1 year	190	190
	90,395	34,977

19 Interest-bearing borrowings

The Group and the Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Bank loans	50,047	91,582
Trade finance loans (Note 24(b))	15,728	8,421
	65,775	100,003

As at 31 December 2023 and 2024, all of the above interest-bearing borrowings are unsecured and carried at amortised cost. All these interest-bearing borrowings are to be settled within one year.

20 Lease liabilities

The following table shows the remaining contractual maturities of the Group and the Company's lease liabilities at the end of each of the Relevant Periods.

The Group and the Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Within 1 year	1,419	1,269
After 1 year but within 2 years	1,497	221
After 2 years but within 5 years	216	-
	1,713	221
	3,132	1,490

21 Deferred income

The Group and the Company

	At 31 December	
	2023	2024
	RMB'000	*RMB'000*
Government grants	6,000	3,000

Deferred income represented the subsidies received from the government for the encouragement of research and development projects which did not meet the conditions attaching to the subsidies or compensated for the costs of assets.

22 Equity-settled share-based transactions

Restricted Share Unit Scheme

Pursuant to a written shareholders' resolution of the Company passed on 27 March 2021, a restricted share unit (the "RSU") scheme ("the Scheme") was adopted for purpose of providing incentives to eligible employees of the Group. The participant of the RSU Scheme invested in the Company by the way of acquiring share capital of the Company from the existing shareholder through an employee share purchase platform (the "Platform").

The Scheme contains certain service conditions and non-market performance conditions. The RSUs shall vest upon the completion of initial public offering ("IPO") of the Company and if the Company still incurred loss when the IPO completed, these RSUs shall vest upon the 3 fiscal years after the completion of IPO of the Company. If employments relationship of the grantees are terminated before the RSUs become vested, these employee have to transfer out their equity interests to the person designed by the general partner of the Platform at the initial purchase price paid by the grantees. Such term is a non-market condition and represents an implicit service period that runs until the end of the full 3 fiscal years after the IPO. Management of the Group estimate the implicit service period at the end of each reporting period. Equity-settled share-based payment expenses are recognised over the expected service period on a true-up basis.

In 2021, RSUs, representing 29,175,230 shares of the Company were granted to the eligible employees, including the directors of the Company at a subscription price of RMB1.00 per RSU. The grants in 2024 (representing 11,436,194 shares of the Company) were in relation to the re-allocation of the RSUs and forfeited RSUs as disclosed in the following notes. The terms and conditions of the RSUs granted in 2024, are consistent with the Scheme.

Set out below are details of the movements of RSUs during the Relevant Periods:

	For the year ended 31 December	
	2023	2024
	Number of underlying shares of the Company	*Number of underlying shares of the Company*
At the beginning of the year	25,883,199	25,244,458
Granted	-	11,460,030
Forfeited (i)	(638,741)	(201,601)
Cancelled (ii)	-	(7,327,657)
At the end of the year	25,244,458	29,175,230

Pursuant to a resolution passed at the shareholders' meeting of the Company in February 2024, certain terms and conditions of the Scheme was modified. The implicit service period was changed from the full 3 fiscal years after the completion of an IPO to 12 months following the completion date of the IPO. As such modification resulted in a reduction of service period in relation to the RSUs granted before 31 December 2023, the Group uses the modified vesting period when applying the requirements of the modified grant-date method. In the period of the change, the Group shall calculate the cumulative amount to be recognised in equity at the reporting date based on the new vesting conditions.

Notes:

(i) During the Relevant Periods, certain grantees terminated their employment relationships, and they transferred all their equity interests in the Platform to the general partner or the person designed by the general partner, which were treated as the forfeited RSUs. These forfeited equity interests in the Platform were temporarily held by the general partner and then granted to Michael Min Xu ("Dr. Xu", an executive directors of the Company) in accordance with the terms and conditions of the Scheme in 2024.

(ii) In December 2023, Dr. Xu” entered into a capital increase agreement with the Platform, pursuant to which, Dr. Xu agreed to subscribe for additional capital of the Platform amounting to RMB270,000 (the “Capital Increase”). The capital of the Platform increased from RMB30,000 to RMB300,000. The total number of underlying shares of the Company available to the Scheme, being 29,175,230 shares (the “Underlying Shares”), remained unchanged before and after the Capital Increase, as the scale and design of the Scheme was intact. However, the entitlements of each participant in the Scheme (i.e. their relative interests in the Underlying Shares upon vesting) changed as a result of the reallocation of RSUs on the Platform.

    The Scheme participants other than Dr. Xu who indirectly held 9,023,030 Underlying Shares of the Company through the Platform prior to the Capital Increase. The reallocation of entitlements to the Underlying Shares among all the participants was on a fully pro-rata basis and the other Scheme participants’ interests were diluted by 90% (representing a potential reduction of 8,120,727 Underlying Shares) in comparison to their previous holdings. Simultaneously, in February 2024, Dr. Xu also transferred certain capital of the Platform (representing 793,070 Underlying Shares) to several existing Scheme participants (the “Transfer”). In connection with the net effects of the Capital Increase and the Transfer, the number of Underlying Shares granted to the existing Scheme participants other than Dr. Xu (being 7,327,657 Underlying Shares) was reduced. This reduction is a non-beneficial modification with those employees, and is treated as a cancellation of the related portion of RSUs. In accordance with the Group’s accounting policies set out in Note 2(n)(ii), the unrecognised amount of grant-date fair value of RMB31,830,000 for the cancelled awards that would otherwise be recognised for services received is recognised in the profit or loss immediately as if vesting were accelerated on the date of cancellation during the year ended 31 December 2024.

Fair value of RSUs

The fair value of services received in return for RSUs granted is measured at the difference between (i) the fair value of RSUs granted and (ii) the considerations paid by the employees.

For the grants in 2021, the fair value of the RSUs were determined with reference to the fair value of shares of the Company in equity financing transaction with external investors close to the grant date.

For the grants in 2024, the fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date. Management of the Company used the income approach to determine the fair value of the underlying shares of the Company and adopted the discounted cash flow to determine the fair value of the underlying shares. The risk-free interest rate based on the yield of Chinese government bonds with maturity of 10 years. Weighted average cost of capital was estimated based on selected comparable companies.

As at 31 December 2023 and 2024, the implicit service period from the grant date, estimated by management was 81 months and 60 months, respectively.

During the years ended 31 December 2023 and 2024, expenses in relation to the RSUs of RMB35,113,000 and RMB145,468,000 were charged into profit or loss, respectively.

23 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each year are set out below:

The Company

	Note	Share capital *RMB'000*	Capital reserve *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2023		354,510	485,176	(543,640)	296,046
Changes in equity for 2023:					
Total comprehensive income for the year		-	-	(278,665)	(278,665)
Capital contributions by investors	*23(b)*	12,162	121,638	-	133,800
Equity-settled share-based payments	*22*	-	35,113	-	35,113
Balance at 31 December 2023 and 1 January 2024		366,672	641,927	(822,305)	186,294
Changes in equity for 2024:					
Total comprehensive income for the year		-	-	(282,802)	(282,802)
Equity-settled share-based payments	*22*	-	145,468	-	145,468
Balance at 31 December 2024		366,672	787,395	(1,105,107)	48,960

(b) Share capital

In June 2023, the Company entered into agreements with several investors, pursuant to which, the investors agreed to inject a total of RMB133,800,000 into the Company as a consideration for the subscription of the Company's newly issued 12,162,000 shares with a nominal value of RMB1.00 each. The difference between the consideration and the amount of share capital, being RMB121,638,000 was recorded in capital reserve.

(c) Dividends

No dividends were declared or paid by the Company or any of its subsidiaries during the Relevant Periods.

(d) *Nature and purpose of reserves*

The capital reserve primarily comprises the following:

- The portion of the grant date fair value of unvested shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(n)(ii).

- The difference between the consideration received and the par value of the issued shares of the Company.

(e) *Capital management*

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to make adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, and interest rate arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and negotiable certificate of deposits with banks is limited because the counterparties are state-owned banks or reputable banks in the PRC, which the Group considered to have low credit risks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Management has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by counterparties of other receivables to be remote and a loss allowance provision for other receivables to be immaterial.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as of the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current as at the end of each of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	1,542	1,542	337	-	3,421	3,132
Interest-bearing borrowings	66,711	-	-	-	66,711	65,775
Trade and other payables	90,647	-	-	-	90,647	90,647
	158,900	1,542	337	-	160,779	159,554

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities	1,303	233	-	-	1,536	1,490
Interest-bearing borrowings	101,146	-	-	-	101,146	100,003
Trade and other payables	50,210	-	-	-	50,210	50,210
	152,659	233	-	-	152,892	151,703

(i) As disclosed in Note 19, the Group had supplier financing arrangements. In 2022, the Group entered into supplier finance arrangements (the "Supplier Financing Arrangement") with a supplier (the "Supplier", which is also a shareholder of the Company) and a bank (the "Bank"), pursuant to which, the Bank will settle the trade payables to the Supplier in favour of the Company under a letter of credit facilities which is guaranteed by the Company. The Company should repay these amounts to the Bank upon the maturity within 1 year after the respective draw down. The original credit term with the Supplier is 30 days after the invoice date.

During the years ended 31 December 2023 and 2024, the total loans drawn down under the letter of credit facilities were RMB23,924,000 and RMB8,424,000, respectively. As at 31 December 2023 and 2024, the amount due to the bank under the Supplier Finance Arrangement amounted to RMB15,728,000 and RMB8,421,000, respectively, which were included in trade finance loans. Non-cash changes in the carrying amounts of the financial liability is set out in Note 17(c).

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to negotiable certificate of deposits with banks (Note 16), fixed rate interest-bearing borrowings (Note 19) and lease liabilities (Note 20) and cash flow risk in relation to variable-rate bank balances (Note 17). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's interest-bearing financial instruments at variable rates as at 31 December 2023 and 2024 are cash and cash equivalents, and the cash flow interest risk arising from a change in market interest rates is not considered significant.

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team performing valuations for the financial instruments categories into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Valuation assessment with analysis of changes in fair value measurement is prepared by the team at each reporting date and is reviewed and approved by the chief financial officer.

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
– Wealth management products	15,765	-	-	15,765
– Negotiable certificate of deposits with banks	247,313	-	-	247,313

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
– Wealth management products	15,133	-	-	15,133
– Negotiable certificate of deposits with banks	138,522	-	-	138,522

During the Relevant Periods, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

Information about Level 3 fair value measurements

The fair values of wealth management products and negotiable certificate of deposits with banks have been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to make estimates about the expected future cash flows including expected future interest return on maturity of the wealth management products. The directors of the Company believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of each of the reporting period.

Below is a summary of significant unobservable inputs to the valuation of these financial assets at FVPL together with a quantitative sensitivity analysis at the end of each of the reporting period:

31 December 2023

	Valuation techniques	*Significant unobservable inputs*	*Range*	*Sensitivity of fair value to the input*
Wealth management products	Discounted cash flow method	Interest return rate	1.94% - 4.2%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB345,000
Negotiable certificate of deposits with banks	Discounted cash flow method	Interest return rate	3.1% - 3.2%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB614,000

31 December 2024

	Valuation techniques	*Significant unobservable inputs*	*Range*	*Sensitivity of fair value to the input*
Wealth management products	Discounted cash flow method	Interest return rate	2.56% - 2.70%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB74,000
Negotiable certificate of deposits with banks	Discounted cash flow method	Interest return rate	3.1% - 3.2%	0.5% increase/(decrease) in interest return rate would result in increase/(decrease) in fair value by RMB772,000

The movement during the year in the balance of these Level 3 fair value measurements are as follows:

	For the year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
At the beginning of the year	333,502	263,078
Purchase	518,420	10,142
Changes in fair value recognised in profit or loss during the year *(Note 4)*	6,325	6,013
Redemption	(595,169)	(125,578)
At the end of the year	263,078	153,655

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2023 and 2024.

25 Commitment

As of 31 December 2023 and 2024, the Group did not have any material commitments.

26 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 7 and certain of the highest paid employees as disclosed in Note 8, is as follows:

	Year ended 31 December	
	2023	2024
	RMB'000	*RMB'000*
Salaries, wages and other benefits	6,277	5,936
Contributions to defined contribution retirement plan	199	205
Equity-settled share-based payment expenses	26,958	118,406
	33,434	124,547

Total remuneration is included in "staff costs"(see Note 5(b)).

(b) Other material related party transactions

During the Relevant Periods, the directors of the Company are of the view that the followings are related parties of the Group:

Name of party	*Relationship*
Dr. Xu	Chairman and executive director of the Company
Shenzhen Yuanxing Gene Technology Co., Ltd. (“Yuanxing Gene”) (深圳源興基因技術有限公司)	Legal representative and chairman of the board of directors of Yuanxing Gene is a non-executive director of the Company
Hangzhou HighField Biopharmaceuticals, Inc. (“HighField”) (杭州高田生物醫藥有限公司)	Legal representative and chairman of the board of directors of HighField is a non-executive director of the Company

Transactions with related parties

	Year ended 31 December	
	2023	2024
	RMB’000	*RMB’000*
Service fee charged by Yuanxing Gene	-	1,915
Service fee charged by HighField	-	283

Balances with related parties

	At 31 December	
	2023	2024
	RMB’000	*RMB’000*
Trade related prepayment to Yuanxing Gene	136	-
Trade related payable to Yuanxing Gene	-	814
Trade related payable to HighField	-	142

27 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of this report, the HKICPA has issued a number of amendments, new standards and interpretations, which are not yet effective for the Relevant Periods and which have not been adopted in the consolidated financial statement. These developments include:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *Lack of Exchangeability*	1 January 2025
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined
Amendments to HKFRS 9 and HKFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to HKFRSs – Volume 11	1 January 2026
HKFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027
HKFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations are expected to be in the period of initial application. So far the Group has concluded that their adoption is unlikely to have a significant impact on the consolidated financial statements of the Group.

28 Non-adjusting events after the Relevant Periods

As mentioned in Note 1, in February 2025, the Company changes its registered address to Hangzhou, Zhejiang Province. In connection with the relocation, the Company entered into a new office lease agreement, of which, the lease period is from February 2025 to February 2031 with a total lease payment of approximately RMB11 million.