

Accountants' Report

TransThera Sciences (Nanjing), Inc.

For the years ended 31 December 2023 and 2024



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TRANSTHERA SCIENCES (NANJING), INC., CITIC SECURITIES (HONG KONG) LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND BOCOM INTERNATIONAL SECURITIES LIMITED

Introduction

We report on the historical financial information of TransThera Sciences (Nanjing), Inc. (the “Company” and previously known as Nanjing TransThera Biosciences Co., Ltd.) and its subsidiaries (together, the “Group”) set out on pages 4 to 53, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023 and 2024 (the “Relevant Periods”), and the consolidated statements of financial position of the Group as at 31 December 2023 and 2024 and the statements of financial position of the Company as at 31 December 2023 and 2024 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages 4 to 53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 13 June 2025 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors' responsibility for the Historical Financial Information

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



Reporting accountants' responsibility

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

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

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

Opinion

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



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

Adjustments

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

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Certified Public Accountants
Hong Kong
13 June 2025

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December	
		2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>
REVENUE	6	1,181	–
Cost of sales		–	–
Gross profit		1,181	–
Other income	7	22,491	7,232
Other gains	7	17,105	10,678
Other expenses	8	(221)	(548)
Research and development costs		(344,475)	(244,004)
Administrative expenses		(39,219)	(47,737)
Impairment losses on financial assets		(8)	(30)
Finance costs	10	(248)	(201)
LOSS BEFORE TAX	9	(343,394)	(274,610)
Income tax expenses	13	–	–
LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		(343,394)	(274,610)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB)	15	(0.90)	(0.72)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	<u>(343,394)</u>	<u>(274,610)</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>189</u>	<u>76</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>189</u>	<u>76</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>(343,205)</u>	<u>(274,534)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>16</i>	11,639	9,441
Intangible assets	<i>17</i>	982	711
Right-of-use assets	<i>18</i>	19,982	19,332
Prepayments, other receivables and other assets	<i>20</i>	<u>8,886</u>	<u>14,866</u>
Total non-current assets		<u>41,489</u>	<u>44,350</u>
CURRENT ASSETS			
Inventories		160	173
Prepayments, other receivables and other assets	<i>20</i>	7,271	12,545
Financial assets at fair value through profit or loss	<i>21</i>	341,541	3,027
Cash and cash equivalents	<i>22</i>	<u>496,629</u>	<u>569,506</u>
Total current assets		<u>845,601</u>	<u>585,251</u>
CURRENT LIABILITIES			
Trade payables	<i>23</i>	78,578	81,243
Other payables and accruals	<i>23</i>	20,527	18,955
Lease liabilities	<i>18</i>	<u>3,457</u>	<u>3,163</u>
Total current liabilities		<u>102,562</u>	<u>103,361</u>
NET CURRENT ASSETS		<u>743,039</u>	<u>481,890</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>784,528</u>	<u>526,240</u>
NON-CURRENT LIABILITIES			
Lease liabilities	<i>18</i>	<u>1,350</u>	<u>1,207</u>
Total non-current liabilities		<u>1,350</u>	<u>1,207</u>
Net assets		<u><u>783,178</u></u>	<u><u>525,033</u></u>
EQUITY			
Share capital	<i>24</i>	381,617	381,617
Reserves	<i>25</i>	<u>401,561</u>	<u>143,416</u>
Total equity		<u><u>783,178</u></u>	<u><u>525,033</u></u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	<i>Notes</i>	Share capital <i>RMB'000</i> <i>(note 24)</i>	Share premium* <i>RMB'000</i> <i>(note 25)</i>	Foreign currency translation reserve* <i>RMB'000</i> <i>(note 25)</i>	Share- based payment reserves* <i>RMB'000</i> <i>(note 26)</i>	Accumulated losses* <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023		379,954	1,554,915	(193)	(61,830)	(781,247)	1,091,599
Loss for the year		–	–	–	–	(343,394)	(343,394)
Exchange differences on translation of foreign operations		–	–	189	–	–	189
Total comprehensive loss for the year		–	–	189	–	(343,394)	(343,205)
Capital contribution from series D+ investors	24	1,663	18,337	–	–	–	20,000
Equity-settled share-based transactions	26	–	–	–	14,784	–	14,784
At 31 December 2023		<u>381,617</u>	<u>1,573,252</u>	<u>(4)</u>	<u>(47,046)</u>	<u>(1,124,641)</u>	<u>783,178</u>

Year ended 31 December 2024

	<i>Notes</i>	Share capital <i>RMB'000</i> <i>(note 24)</i>	Share premium* <i>RMB'000</i> <i>(note 25)</i>	Foreign currency translation reserve* <i>RMB'000</i> <i>(note 25)</i>	Share- based payment reserves* <i>RMB'000</i> <i>(note 26)</i>	Accumulated losses* <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024		381,617	1,573,252	(4)	(47,046)	(1,124,641)	783,178
Loss for the year		–	–	–	–	(274,610)	(274,610)
Exchange differences on translation of foreign operations		–	–	76	–	–	76
Total comprehensive loss for the year		–	–	76	–	(274,610)	(274,534)
Equity-settled share-based transactions	26	–	–	–	16,389	–	16,389
At 31 December 2024		<u>381,617</u>	<u>1,573,252</u>	<u>72</u>	<u>(30,657)</u>	<u>(1,399,251)</u>	<u>525,033</u>

* These reserve accounts represent the consolidated reserves of RMB401,561,000 and RMB143,416,000 in the consolidated statements of financial position as at 31 December 2023 and 2024, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December	
		2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(343,394)	(274,610)
Adjustments for:			
Finance costs	10	248	201
Bank Interest income	7	(12,162)	(2,171)
Depreciation of property, plant and equipment	16	3,655	2,919
Depreciation of right-of-use assets	18	3,487	3,247
Amortisation of intangible assets	17	262	271
Equity-settled share-based payments	26	14,784	16,389
Loss on disposal of property, plant and equipment	8	1	1
Impairment losses on financial assets	9	8	30
Fair value gain on financial assets at fair value through profit or loss	7	(14,094)	(10,678)
Foreign exchange differences, net		(7,862)	(435)
		<hr/>	<hr/>
Decrease/(increase) in inventories		85	(13)
Decrease/(increase) in prepayments, other receivables and other assets		23,749	(9,077)
Increase in trade payables		6,340	2,667
Decrease in other payables and accruals		(1,415)	(2,094)
Decrease in contract liabilities		(1,174)	–
		<hr/>	<hr/>
Cash used in operations		(327,482)	(273,353)
Interest received		8,156	2,171
		<hr/>	<hr/>
Net cash flows used in operating activities		(319,326)	(271,182)
		<hr/>	<hr/>

		Year ended 31 December	
	<i>Notes</i>	2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of land use right		(8,042)	–
Purchases of items of property, plant and equipment		(3,486)	(773)
Purchases of other intangible assets		(262)	–
Purchases of financial assets at fair value through profit or loss		(2,690,900)	(1,420,330)
Proceeds from maturity of financial assets at fair value through profit or loss		2,363,453	1,769,523
Proceeds from maturity of short-term bank deposits		148,789	–
Proceeds from maturity of pledged deposits		3,510	–
Disposal of property, plant and equipment		–	1
		<u>–</u>	<u>1</u>
Net cash flows from/(used in) investing activities		<u>(186,938)</u>	<u>348,421</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from series D+ instruments	24	20,000	–
Lease payments	18	(3,507)	(3,235)
Payments of listing expense		(734)	(1,636)
		<u>(734)</u>	<u>(1,636)</u>
Net cash flows from/(used in) financing activities		<u>15,759</u>	<u>(4,871)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(490,505)	72,368
Cash and cash equivalents at beginning of year		983,934	496,629
Effect of foreign exchange rate changes, net		3,200	509
		<u>3,200</u>	<u>509</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	22	<u>496,629</u>	<u>569,506</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	<u>496,629</u>	<u>569,506</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows and financial position	22	<u>496,629</u>	<u>569,506</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December	
		2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	<i>16</i>	11,618	9,415
Intangible assets	<i>17</i>	982	711
Right-of-use assets	<i>18</i>	19,982	19,332
Investments in subsidiaries	<i>19</i>	25,359	39,567
Prepayments, other receivables and other assets	<i>20</i>	8,886	14,866
		<u>66,827</u>	<u>83,891</u>
TOTAL non-current assets			
		<u>66,827</u>	<u>83,891</u>
CURRENT ASSETS			
Inventories		160	173
Prepayments, other receivables and other assets	<i>20</i>	7,059	12,451
Financial assets at fair value through profit or loss	<i>21</i>	341,541	3,027
Cash and cash equivalents	<i>22</i>	488,714	565,327
		<u>837,474</u>	<u>580,978</u>
TOTAL current assets			
		<u>837,474</u>	<u>580,978</u>
CURRENT LIABILITIES			
Trade payables	<i>23</i>	78,578	81,243
Other payables and accruals	<i>23</i>	20,175	18,632
Lease liabilities	<i>18</i>	3,457	3,163
		<u>102,210</u>	<u>103,038</u>
TOTAL current liabilities			
		<u>102,210</u>	<u>103,038</u>
NET CURRENT ASSETS		<u>735,264</u>	<u>477,940</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>802,091</u>	<u>561,831</u>
NON-CURRENT LIABILITIES			
Lease liabilities	<i>18</i>	1,350	1,207
		<u>1,350</u>	<u>1,207</u>
TOTAL non-current liabilities			
		<u>1,350</u>	<u>1,207</u>
Net assets		<u>800,741</u>	<u>560,624</u>
EQUITY			
Share capital	<i>24</i>	381,617	381,617
Reserves	<i>25</i>	419,124	179,007
		<u>800,741</u>	<u>560,624</u>
Total equity		<u>800,741</u>	<u>560,624</u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was established in Nanjing, Jiangsu Province, People's Republic of China (the "PRC") on 15 April 2014 as a limited liability company. The Company was converted into a joint stock company with limited liability in July 2021 and its name was changed from Nanjing TransThera Biosciences Co., Ltd. (南京藥捷安康生物科技有限公司) to TransThera Sciences (Nanjing), Inc. (藥捷安康(南京)科技股份有限公司). The registered office of the Company is located at 3rd Floor, 9th Building, Accelerator Phase 2 of Biotech and Pharmaceutical Valley, Jiangbei New Area, Nanjing, Jiangsu Province, PRC.

During the Relevant Periods, the Group was principally engaged in the research and development of pharmaceutical products.

The statutory financial statements of the Company for the year ended 31 December 2023 were prepared in accordance with the PRC Generally Accepted Accounting Principles and were audited by BDO China Shu Lun Pan Certified Public Accountants LLP. The statutory financial statements of the Company for the year ended 31 December 2024 were prepared in accordance with the PRC Generally Accepted Accounting Principles and were audited by Nanjing Hongqiao Certified Public Accountants GP.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, both of which are private limited liability companies (or, if incorporated outside Hong Kong, has substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital/issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
TransThera Sciences (HK) Limited	Hong Kong 18 August 2022	HKD10,000	100%	–	Investment holding
TransThera Sciences (US) Inc.	Delaware, United States of America 19 September 2022	USD5,000	–	100%	Research and development of pharmaceutical products

As at the date of this report, the statutory financial statements of TransThera Sciences (HK) Limited for the period from 18 August 2022 (date of incorporation) to 31 December 2023 and for the year ended 31 December 2024 prepared under Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") were audited by Wiselite CPA Limited Certified Public Accountants.

As at the date of this report, no audited financial statements of TransThera Sciences (US) Inc. were prepared for the year ended 31 December 2023 and 2024.

2.1 BASIS OF PREPARATION

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

All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

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

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to:</i> <i>IFRS 1 First-time Adoption of International Financial Reporting Standards</i> <i>IFRS 7 Financial Instruments: Disclosures</i> <i>Guidance on Implementing IFRS 7 Financial Instruments: Disclosures</i> <i>IFRS 9 Financial Instruments</i> <i>IFRS 10 Consolidated Financial Statements</i> <i>IAS 7 Statement of Cash Flows</i> ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. The application of IFRS 18 will have no impact on the consolidated statements of financial position of the Group, but will have impact on the presentation of the consolidated statements of profit or loss and other comprehensive income. Up to now, except for IFRS 18, the Group considers that these new and revised standards will not have a significant impact on the Group's financial statements.

3. MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

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

or

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

Property, plant and equipment and depreciation

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

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

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

Lab equipment	18%
Electronic equipment	30%
Motor vehicles	18%
Leasehold improvements	Shorter of the remaining lease terms and estimated useful lives

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

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

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

Intangible assets (other than goodwill)

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

Software	20%
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Research and development costs

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

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office buildings	3 years
Land-use rights	50 years

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

(b) Lease liabilities

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

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

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

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the statement of profit or loss is recognised outside the statement of profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

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

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

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

The Company entered into a licensing arrangement with a customer, under which the Company grants a licence of the drug formula to the customer, including the right to produce and sell products based on the drug formula in predetermined areas during the commercialisation stage. While the Company and the customer will conduct clinical trials in the predetermined areas respectively, the Company is obligated to provide certain clinical trial support services to the customer. Such clinical trial support services include helping with the preparation of the investigational new drug application plan and filing to the regulatory, providing regular updates to the customer regarding the Company's development and the manufacture of licensed compounds and licensed products in the Company's territory and etc.

The Company considered that the grant of the licence of the drug formula and the clinical trial supporting services are separate performance obligations since they are distinct from each other according to the contract.

The performance obligation of the licence is satisfied at the point in time when the Company provides the customers with a right to use the formula as it exists at the point in time at which the licence is granted, since the Company considered that it would not undertake activities that significantly affect the drug formula and the licensing contract only provides the customer with a right to use the drug formula.

The performance obligation of providing clinical trial supporting services is satisfied over the period of development as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Progress is measured by passage of time with respect to the total estimated time for the development.

The Company is entitled to an upfront payment and various milestone payments during the development stage and sale-based royalties during commercialisation stage. Most of the considerations entitled by the Company are variable considerations and the Company estimates such variable considerations based on the most likely amount. As majority of the considerations are highly susceptible to factors outside the Company's influence, the variable considerations are constrained until uncertainties associated with the variable considerations are subsequently resolved. At the end of each reporting periods, the Company re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catchup basis, which would affect revenues and earnings in the period of adjustment. Consideration is allocated to the two performance obligations based on the stand-alone selling prices which consider the pricing by competitors for similar products or services as well as the costs and margins.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates 2017, 2021 and 2023 share incentive plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using specific models, further details of which are given in note 26 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension schemes

The Company is required to participate in a central pension scheme operated by the local municipal government. The Company is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's subsidiary in the United States has a defined contribution plan where participating employees may contribute to the plan 1% to 99% of their eligible annual compensation as defined in the plan, up to the Internal Revenue Service contribution (the "IRS contribution") limit of USD22,500 for the year ended 31 December 2023 and USD23,000 for the year ended 31 December 2024. Individuals who are aged 50 or over at the end of the calendar year can make annual catch-up contributions up to USD7,500 for the year ended 31 December 2023 and USD7,000 for the year ended 31 December 2024. The Group's subsidiary in the United States makes a matching contribution of participants' elective deferral contribution of 6% of the eligible participant compensation.

Foreign currencies

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

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

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

The functional currencies of the overseas subsidiaries are the United States dollar (“USD”). As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development costs

All research costs are charged to the statement of profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation. The Group currently expenses all the milestone and upfront payments under the drug license-in agreements.

Estimation uncertainty

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

Share-based payments

The Company has set up the share incentive plans for the Company’s directors and the Group’s employees.

Estimating the fair value for share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the share incentive plans. This estimate also requires the determination of the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in note 26 to the Historical Financial Information.

Impairment of non-financial assets

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

At the end of each of the Relevant Periods, no indication of impairment for non-financial assets was identified by the Group.

5. OPERATING SEGMENT INFORMATION

Operating segment information

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

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December 2023 RMB '000	Year ended 31 December 2024 RMB '000
Republic of Korea	1,174	–
Chinese Mainland	7	–
	<hr/>	<hr/>
Total Revenue	<u>1,181</u>	<u>–</u>

The revenue information above is based on the locations of the customers. The revenue from the Republic of Korea is associated with an exclusive licensing agreement that was executed with one customer in prior fiscal years. The Group has terminated such agreement in 2023. As the payments received are non-refundable and the Group has no other obligations, the Group recognised all contract liabilities as of 31 December 2022 as revenue in 2023.

(b) *Non-current assets*

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

Information about the major customers

	Year ended 31 December 2023 RMB '000	Year ended 31 December 2024 RMB '000
Revenue from Customer A	1,174	–
Revenue from Customer B	7	–
	<hr/>	<hr/>
Total Revenue	<u>1,181</u>	<u>–</u>

6. REVENUE

An analysis of revenue is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Revenue from contracts with customers	1,181	–

(a) Disaggregated revenue information:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Revenue from contracts with customers		
Types of goods or services		
Others	7	–
Clinical trials support services	1,174	–
Total	1,181	–
Timing of revenue recognition		
Transferred at a point in time	7	–
Transferred over time	1,174	–
Total	1,181	–

(b) Performance obligations

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

Revenue from the licensing of drug formula

The performance obligation is satisfied at a point in time when the customer obtains the rights to the underlying technology and payment is generally due within 45 days from the date of billing.

Revenue from clinical trials support services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 45 days from the date of billing.

The amounts of transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are RMB nil and RMB nil.

As of 31 December 2022, the remaining performance obligations pertained to clinical trial supporting services. These services are associated with an exclusive licensing agreement that was executed with one customer in prior fiscal years. In 2023, the Group has terminated this agreement with the customer. As the payments received are non-refundable and the Group has no other obligations, the Group recognised all contract liabilities as of 31 December 2022 as revenue in 2023.

7. OTHER INCOME AND OTHER GAINS

An analysis of other income and other gains is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
<u>Other income</u>		
Government grants*	10,329	5,061
Bank interest income	12,162	2,171
	<hr/>	<hr/>
Total	22,491	7,232
	<hr/> <hr/>	<hr/> <hr/>
<u>Other gains</u>		
Foreign exchange gains, net	3,011	–
Fair value gain on financial assets at fair value through profit or loss	14,094	10,678
	<hr/>	<hr/>
Total	17,105	10,678
	<hr/> <hr/>	<hr/> <hr/>

* The government grants mainly represent the subsidies received from the local governments for the purpose of compensation of expenses spent on research and clinical trials activities and there are no unfulfilled conditions or contingencies relating to these grants.

8. OTHER EXPENSES

An analysis of other expenses is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
<u>Other expenses</u>		
Donations	220	138
Loss on disposal of property, plant and equipment	1	1
Others	–	11
Foreign exchange loss, net	–	398
	<hr/>	<hr/>
Total	221	548
	<hr/> <hr/>	<hr/> <hr/>

9. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	<i>Notes</i>	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Depreciation of property, plant and equipment	<i>16</i>	3,655	2,919
Depreciation of right-of-use assets	<i>18(a)</i>	3,487	3,247
Amortisation of intangible assets	<i>17</i>	262	271
Lease payments not included in the measurement of lease liabilities	<i>18(c)</i>	93	94
Auditor's remuneration*		79	151
Fair value gain on financial assets at fair value through profit or loss	<i>7</i>	(14,094)	(10,678)
Professional fees*		7,821	2,493
Listing expenses		–	17,121
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration (<i>note 11</i>)):			
– Salaries, allowances and benefits in kind		53,154	43,082
– Pension scheme contributions (defined contribution scheme)		7,339	7,066
– Share-based payments		10,904	11,536
Foreign exchange (gains)/losses, net	<i>7</i>	(3,011)	398
Impairment losses on financial assets		8	30
Government grants	<i>7</i>	(10,329)	(5,061)
Bank interest income	<i>7</i>	(12,162)	(2,171)
Loss on disposal of property, plant and equipment	<i>8</i>	1	1

* Auditor's remuneration represents expenses in relation to annual statutory audit.

* Professional fees represent the fees for hiring legal advisers, reporting accountants and other professional service providers in relation to potential A share offering and fees incurred for business, tax and legal consultation in the ordinary course of business.

10. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Interest on lease liabilities	248	201

11. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the Relevant Periods are as follows:

	Year ended 31 December 2023 <i>RMB '000</i>	Year ended 31 December 2024 <i>RMB '000</i>
Fees	896	896
Other emoluments:		
Salaries, bonuses, allowances and benefits in kind	5,729	5,055
Pension scheme contributions	1,322	1,340
Share-based payments	3,880	4,853
Total	<u>11,827</u>	<u>12,144</u>

(a) Independent non-executive directors

Year ended 31 December 2023	Fees <i>RMB '000</i>	Total <i>RMB '000</i>
Independent non-executive directors:		
Li Shupai (a)	224	224
Chui Hoi Yam (b)	224	224
Zheng Zhelan (c)	224	224
Total	<u>672</u>	<u>672</u>

Year ended 31 December 2024	Fees <i>RMB '000</i>	Total <i>RMB '000</i>
Independent non-executive directors:		
Li Shupai (a)	224	224
Chui Hoi Yam (b)	224	224
Zheng Zhelan (c)	224	224
Total	<u>672</u>	<u>672</u>

(b) Executive directors, non-executive directors and supervisors

Year ended 31 December 2023	Fees <i>RMB '000</i>	Salaries, bonuses, allowances and benefits in kind <i>RMB '000</i>	Pension Scheme contributions <i>RMB '000</i>	Share-based payments <i>RMB '000</i>	Total <i>RMB '000</i>
Executive directors:					
Frank Wu (d)	–	2,909	1,184	–	4,093
Wu Di (e)	–	1,769	46	2,595	4,410
	–	4,678	1,230	2,595	8,503
Non-executive directors:					
Jia Zhongxin (f)	224	–	–	261	485
Yi Hua (g)	–	–	–	–	–
	224	–	–	261	485
Supervisors:					
Mei Jianghua (h)	–	–	–	–	–
Zhao Weili (i)	–	577	46	594	1,217
Pang Yajing (j)	–	474	46	430	950
	–	1,051	92	1,024	2,167
Total	224	5,729	1,322	3,880	11,155
Year ended 31 December 2024	Fees <i>RMB '000</i>	Salaries, bonuses, allowances and benefits in kind <i>RMB '000</i>	Pension Scheme contributions <i>RMB '000</i>	Share-based payments <i>RMB '000</i>	Total <i>RMB '000</i>
Executive directors:					
Frank Wu (d)	–	2,442	1,202	–	3,644
Wu Di (e)	–	1,645	46	3,403	5,094
	–	4,087	1,248	3,403	8,738
Non-executive directors:					
Jia Zhongxin (f)	224	–	–	298	522
Yi Hua (g)	–	–	–	–	–
	224	–	–	298	522
Supervisors:					
Mei Jianghua (h)	–	–	–	–	–
Zhao Weili (i)	–	536	46	677	1,259
Pang Yajing (j)	–	432	46	475	953
	–	968	92	1,152	2,212
Total	224	5,055	1,340	4,853	11,472

- (a) Li Shupai was appointed as an independent non-executive director of the Company on 17 June 2021.
- (b) Chui Hoi Yam was appointed as an independent non-executive director of the Company on 17 October 2022.
- (c) Zheng Zhelan was appointed as an independent non-executive director of the Company on 17 October 2022.
- (d) Frank Wu was appointed as an executive director of the Company on 10 May 2016. Frank Wu is also the chief executive officer of the Company and his remuneration disclosed above included the services rendered by him as the chief executive.
- (e) Wu Di was appointed as an executive director of the Company on 16 March 2020.
- (f) Jia Zhongxin was appointed as a non-executive director of the Company on 11 September 2018.
- (g) Yi Hua was appointed as a non-executive director of the Company on 16 March 2020.
- (h) Mei Jianghua was appointed as a supervisor of the Company on 16 March 2020.
- (i) Zhao Weili was appointed as a supervisor of the Company on 17 June 2021.
- (j) Pang Yajing was appointed as a supervisor of the Company on 16 July 2021.

Certain directors were granted share-based benefits, in respect of their services to the Group, further details of which are set out in note 26 to the Historical Financial Information.

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

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024, included two and two directors, respectively, details of whose remuneration are included in note 11 to the Historical Financial Information. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000
Salaries, allowances, and benefits in kind	6,448	6,289
Pension scheme contributions	2,654	2,866
Share-based payments	3,807	4,147
	<hr/>	<hr/>
Total	<u>12,909</u>	<u>13,302</u>

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

	Year ended 31 December 2023	Year ended 31 December 2024
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	–	–
HK\$2,500,001 to HK\$3,000,000	–	–
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	–	–
HK\$4,000,001 to HK\$4,500,000	–	–

	Year ended 31 December 2023	Year ended 31 December 2024
HK\$4,500,001 to HK\$5,000,000	1	1
HK\$5,000,001 to HK\$5,500,000	–	–
HK\$5,500,001 to HK\$6,000,000	–	–
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$6,500,001 to HK\$7,000,000	–	1
	<hr/>	<hr/>
Total	<u>3</u>	<u>3</u>

13. INCOME TAX EXPENSES

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.

Chinese Mainland

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the estimated tax rate of the Group is 25% during the period presented in the condensed consolidated financial statements. No Chinese Mainland income tax was provided for as the Company was in a loss position and had no estimated assessable profits.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No Hong Kong profits tax was provided for as the Group did not have any assessable profits arising in Hong Kong during the Relevant Periods.

The United States

The subsidiary incorporated in the United States (“US”) is subject to the federal statutory income tax at the rate of 21% and subject to the corporate income tax of the State of Delaware at the rate of 8.7% on any estimated assessable profits arising in the US during the Relevant Periods. No US profits tax was provided for as the Group did not have any assessable profits arising in the US during the Relevant Periods.

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the country in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>
Loss before tax	(343,394)	(274,610)
Tax at the statutory tax rate (25%)	(85,848)	(68,653)
Effect of different tax rates enacted by local authorities	(620)	(857)
Additional deductible allowance for qualified research and development costs	(43,847)	(38,802)
Expenses not deductible for tax	3,967	4,609
Tax losses not recognised	110,925	100,687
Deductible temporary differences not recognised	15,423	3,016
	<hr/>	<hr/>
Tax at the effective tax rate	<u>–</u>	<u>–</u>

The Group has accumulated tax losses arising in Chinese Mainland of RMB1,340,600,016.73 and RMB1,631,734,985.61 as at 31 December 2023 and 2024, respectively, that will expire in one to five years for offsetting against future taxable profits of the Group. The Group also has accumulated tax losses arising in Hong Kong and the US of RMB17,558,038.51 and RMB35,663,161.67 as at 31 December 2023 and 2024, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The deferred tax assets and the deferred tax liabilities arising from lease contracts of the same subsidiary have been offset in the statements of financial position for presentation purposes. Except the deferred tax assets that have been offset, the Group has deductible temporary differences for which deferred tax assets are not recognised of RMB50,444,219.89 and RMB62,504,450.57 as at 31 December 2023 and 2024, respectively.

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 some time, and it is not considered probable that taxable profits in the foreseeable future will be available against which the tax losses and the deductible temporary differences can be utilised.

14. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

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

The calculation of the basic loss per share amount for the year ended 31 December 2023 and 2024 is based on the loss for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares issued for the Relevant Periods.

	Year ended 31 December	Year ended 31 December
	2023	2024
<u>Loss</u>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	<u>(343,394)</u>	<u>(274,610)</u>
<u>Shares</u>		
Weighted average number of ordinary shares assumed to be in issue during the year used in the basic loss per share calculation	<u>381,401,928</u>	<u>381,616,633</u>
Loss per share (basic) (RMB)	<u>(0.90)</u>	<u>(0.72)</u>

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2024.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Lab equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023						
At 1 January 2023:						
Cost	24,790	2,465	1,125	5,669	–	34,049
Accumulated depreciation	<u>(14,464)</u>	<u>(1,305)</u>	<u>(787)</u>	<u>(5,464)</u>	–	<u>(22,020)</u>
Net carrying amount	<u>10,326</u>	<u>1,160</u>	<u>338</u>	<u>205</u>	–	<u>12,029</u>

	Lab equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023, net of accumulated depreciation	10,326	1,160	338	205	–	12,029
Additions	230	127	–	9	2,900	3,266
Disposals	–	(1)	–	–	–	(1)
Depreciation provided during the year	(2,842)	(535)	(100)	(178)	–	(3,655)
At 31 December 2023, net of accumulated depreciation	<u>7,714</u>	<u>751</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,639</u>
At 31 December 2023: Cost	–	25,020	2,581	1,125	5,677	2,900
Accumulated depreciation	25,020	(17,306)	(1,830)	(887)	(5,641)	–
Net carrying amount	<u>7,714</u>	<u>751</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,639</u>
At 31 December 2024						
At 1 January 2024: Cost	–	25,020	2,581	1,125	5,677	2,900
Accumulated depreciation	25,020	(17,306)	(1,830)	(887)	(5,641)	–
Net carrying amount	<u>7,714</u>	<u>751</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,639</u>
At 1 January 2024, net of accumulated depreciation	7,714	751	238	36	2,900	11,639
Additions	23	75	–	–	624	722
Disposals	–	(1)	–	–	–	(1)
Depreciation provided during the year	(2,464)	(357)	(66)	(32)	–	(2,919)
At 31 December 2024, net of accumulated depreciation	<u>5,273</u>	<u>468</u>	<u>172</u>	<u>4</u>	<u>3,524</u>	<u>9,441</u>
At 31 December 2024: Cost	–	25,043	2,655	1,125	5,677	3,524
Accumulated depreciation	25,043	(19,770)	(2,187)	(953)	(5,673)	–
Net carrying amount	<u>5,273</u>	<u>468</u>	<u>172</u>	<u>4</u>	<u>3,524</u>	<u>9,441</u>

The Company

	Lab equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023						
At 1 January 2023:						
Cost	24,790	2,434	1,125	5,669	–	34,018
Accumulated depreciation	(14,464)	(1,304)	(787)	(5,464)	–	(22,019)
Net carrying amount	<u>10,326</u>	<u>1,130</u>	<u>338</u>	<u>205</u>	<u>–</u>	<u>11,999</u>
At 1 January 2023, net of accumulated depreciation						
	10,326	1,130	338	205	–	11,999
Additions	230	127	–	9	2,900	3,266
Disposals	–	(1)	–	–	–	(1)
Depreciation provided during the year	(2,842)	(526)	(100)	(178)	–	(3,646)
At 31 December 2023, net of accumulated depreciation	<u>7,714</u>	<u>730</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,618</u>
At 31 December 2023:						
Cost	25,020	2,550	1,125	5,677	2,900	37,272
Accumulated depreciation	(17,306)	(1,820)	(887)	(5,641)	–	(25,654)
Net carrying amount	<u>7,714</u>	<u>730</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,618</u>
At 31 December 2024						
At 1 January 2024:						
Cost	25,020	2,550	1,125	5,677	2,900	37,272
Accumulated depreciation	(17,306)	(1,820)	(887)	(5,641)	–	(25,654)
Net carrying amount	<u>7,714</u>	<u>730</u>	<u>238</u>	<u>36</u>	<u>2,900</u>	<u>11,618</u>

	Lab equipment <i>RMB'000</i>	Electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024, net of accumulated depreciation	7,714	730	238	36	2,900	11,618
Additions	23	50	–	–	624	697
Disposals	–	(1)	–	–	–	(1)
Depreciation provided during the year	(2,464)	(338)	(65)	(32)	–	(2,899)
At 31 December 2024, net of accumulated depreciation	<u>5,273</u>	<u>441</u>	<u>173</u>	<u>4</u>	<u>3,524</u>	<u>9,415</u>
At 31 December 2024: Cost	25,043	2,599	1,125	5,677	3,524	37,968
Accumulated depreciation	(19,770)	(2,158)	(952)	(5,673)	–	(28,553)
Net carrying amount	<u>5,273</u>	<u>441</u>	<u>173</u>	<u>4</u>	<u>3,524</u>	<u>9,415</u>

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

17. INTANGIBLE ASSETS

The Group and the Company

	Software <i>RMB'000</i>
At 31 December 2023	
At 1 January 2023:	
Cost	1,368
Accumulated amortisation	(371)
Net carrying amount	<u>997</u>
At 1 January 2023, net of accumulated amortisation	997
Additions	247
Amortisation provided during the year	(262)
At 31 December 2023, net of accumulated amortisation	<u>982</u>
At 31 December 2023:	
Cost	1,615
Accumulated amortisation	(633)
Net carrying amount	<u>982</u>

	Software <i>RMB'000</i>
At 31 December 2024	
At 1 January 2024:	
Cost	1,615
Accumulated amortisation	(633)
Net carrying amount	<u>982</u>
At 1 January 2024, net of accumulated amortisation	982
Additions	–
Amortisation provided during the year	(271)
At 31 December 2024, net of accumulated amortisation	<u>711</u>
At 31 December 2024:	
Cost	1,615
Accumulated amortisation	(904)
Net carrying amount	<u>711</u>

As at 31 December 2023 and 2024, there were no pledged intangible assets.

18. LEASES

The Group and the Company

Group/Company as a lessee

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

(a) *Right-of-use assets*

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

	Office buildings <i>RMB'000</i>	Land-use rights <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2023			
At 1 January 2023	2,469	–	2,469
Additions	5,378	15,622	21,000
Depreciation charge	(3,253)	(234)	(3,487)
At 31 December 2023	<u>4,594</u>	<u>15,388</u>	<u>19,982</u>
At 31 December 2024			
At 1 January 2024	4,594	15,388	19,982
Additions	2,597	–	2,597
Depreciation charge	(2,965)	(282)	(3,247)
At 31 December 2024	<u>4,226</u>	<u>15,106</u>	<u>19,332</u>

(b) *Lease liabilities*

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

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January	2,688	4,807
New leases	5,378	2,597
Accretion of interest recognised during the year	248	201
Payments	<u>(3,507)</u>	<u>(3,235)</u>
Carrying amount at 31 December	<u>4,807</u>	<u>4,370</u>
Analysed into:		
Current portion	3,457	3,163
Non-current portion	<u>1,350</u>	<u>1,207</u>

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

	Year ended 31 December 2023	Year ended 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	248	201
Depreciation charge of right-of-use assets	3,487	3,247
Expenses relating to low-value leases	73	65
Expenses relating to short-term leases	<u>20</u>	<u>29</u>
Total amounts recognised in profit or loss	<u>3,828</u>	<u>3,542</u>

19. INVESTMENT IN SUBSIDIARIES

The Company

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Investment costs	<u>25,359</u>	<u>39,567</u>

The investment of RMB14,677,000 was recognised for the TransThera Sciences (HK) Limited in 2023, and RMB14,208,000 in 2024 respectively.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:		
Deposits	2,390	2,750
Value-added tax recoverable	6,496	12,116
	<u>8,886</u>	<u>14,866</u>
Total	<u><u>8,886</u></u>	<u><u>14,866</u></u>
Current:		
Prepayments	5,951	8,456
Deposits	548	1,399
Other receivables	633	479
Deferred listing expenses	170	2,234
Allowance for the expected credit losses	(31)	(23)
	<u>7,271</u>	<u>12,545</u>
Total	<u><u>7,271</u></u>	<u><u>12,545</u></u>

The Company

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:		
Deposits	2,390	2,750
Value-added tax recoverable	6,496	12,116
	<u>8,886</u>	<u>14,866</u>
Total	<u><u>8,886</u></u>	<u><u>14,866</u></u>
Current:		
Prepayments	5,739	8,389
Deposits	548	1,399
Other receivables	633	452
Deferred listing expenses	170	2,234
Allowance for the expected credit losses	(31)	(23)
	<u>7,059</u>	<u>12,451</u>
Total	<u><u>7,059</u></u>	<u><u>12,451</u></u>

The financial assets included in the above balances relate to receivables for which there was no recent history of material default and past due amounts. The Group and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. As at the end of each of the Relevant Periods, the management of the Group and the Company assessed the allowance for the expected credit losses by the expected credit loss model.

The balances are unsecured and interest-free.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	31 December 2023	31 December 2024
	<i>RMB '000</i>	<i>RMB '000</i>
Wealth management products	341,541	3,027

At 31 December 2023, the financial assets at fair value through profit or loss represented wealth management products issued by banks and securities companies, with expected return rates from 2.5% to 3.8% per annum.

At 31 December 2024, the financial assets at fair value through profit or loss represented wealth management products issued by a bank, with an expected return rate of 2.55% per annum.

22. CASH AND CASH EQUIVALENTS

The Group

	31 December 2023	31 December 2024
	<i>RMB '000</i>	<i>RMB '000</i>
Cash at banks	496,629	569,506
Denominated in:		
RMB	417,883	563,170
USD	77,622	4,911
JPY	1,124	1,425

The Company

	31 December 2023	31 December 2024
	<i>RMB '000</i>	<i>RMB '000</i>
Cash at banks	488,714	565,327
Denominated in:		
RMB	417,883	563,170
USD	69,707	732
JPY	1,124	1,425

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

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

23. TRADE AND OTHER PAYABLES

The Group

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	78,578	81,243
Government grants*	6,400	6,400
Staff salaries, bonuses and welfare payables	13,611	7,550
Other tax payables	85	37
Accruals for listing expenses	–	4,487
Other payables	431	481
	<u>99,105</u>	<u>100,198</u>

The Company

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	78,578	81,243
Government grants*	6,400	6,400
Staff salaries, bonuses and welfare payables	13,552	7,550
Other tax payables	85	37
Accruals for listing expenses	–	4,487
Other payables	138	158
	<u>98,753</u>	<u>99,875</u>

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

The Group and the Company

	31 December 2023	31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	<u>78,578</u>	<u>81,243</u>

* Some government grants are received for capital expenditure incurred for the acquisition of lab equipment. When the conditions attached to the government grants are complied, the amounts will be transferred to deferred income and amortised to the statement of profit or loss over the estimated useful lives of the respective assets.

Trade payables are non-interest-bearing and are normally settled within one year.

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand.

24. SHARE CAPITAL

The Group and the Company

A summary of movements in the Group and the Company's share capital during the Relevant Periods is as follows:

	Number of ordinary shares	Share capital RMB'000
At 1 January 2023	379,953,815	379,954
Capital contribution from series D+ investors (<i>note a</i>)	1,662,818	1,663
At 31 December 2023 and 1 January 2024	381,616,633	381,617
At 31 December 2024	381,616,633	381,617

Notes:

- (a) Pursuant to the share purchase agreement entered into among series D+ investors and all shareholders, series D+ investors injected RMB20,000,000 into the Company in February 2023, with RMB1,662,818, representing 1,662,818 ordinary shares of the Company, and RMB18,337,182 credited to the Company's share capital and share premium, respectively.

25. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity on page 8 of the Historical Financial Information.

(a) *Share premium*

The share premium of the Group represents the difference between the par value of the shares issued and the consideration received.

(b) *Share-based payment reserve*

The share-based payment reserve represents the equity-settled equity awards.

(c) *Foreign currency translation reserve*

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies in the Group of which the functional currency is not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 3 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

Year ended 31 December 2023

	Share premium <i>RMB'000</i>	Share-based payment reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	1,554,915	(61,830)	(776,904)	716,181
Loss for the year	—	—	(330,178)	(330,178)
Total comprehensive income for the year	—	—	(330,178)	(330,178)
Capital contribution from series D+ investors	18,337	—	—	18,337
Equity-settled share-based transactions	—	14,784	—	14,784
At 31 December 2023	<u>1,573,252</u>	<u>(47,046)</u>	<u>(1,107,082)</u>	<u>419,124</u>

Year ended 31 December 2024

	Share premium <i>RMB'000</i>	Share-based payment reserves <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,573,252	(47,046)	(1,107,082)	419,124
Loss for the year	—	—	(256,506)	(256,506)
Total comprehensive income for the year	—	—	(256,506)	(256,506)
Equity-settled share-based transactions	—	16,389	—	16,389
At 31 December 2024	<u>1,573,252</u>	<u>(30,657)</u>	<u>(1,363,588)</u>	<u>179,007</u>

26. SHARE-BASED PAYMENTS

Share incentive plans

A share incentive plan (the "2017 Share Incentive Plan") was approved by the shareholders of the Company on 16 March 2017 and became effective on the same day. Options under the 2017 Share Incentive Plan were granted to the employees who have contributed to the success of the Company through an incentive platform named Nanjing Yipu Bioscience Technology Partnership (Limited Partnership) (南京益璞生物科技合夥企業(有限合夥)) ("Nanjing Yipu"). Upon vesting of Nanjing Yipu, employees will become limited partners of Nanjing Yipu and indirectly receive economic interest in the corresponding number of underlying shares of the Company held by Nanjing Yipu.

Subject to the terms and conditions as set out in the 2017 Share Incentive Plan, share options will be vested in the portions of 20%, 20%, 20%, 20% and 20% on the first, second, third, fourth and fifth anniversaries of the grant dates of the options, respectively.

A new share incentive plan, which was approved by the shareholders of the Company on 7 January 2021, became effective on 1 March 2021 (the “2021 Share Incentive Plan”, together with the 2017 Share Incentive Plan, the “Original Share Incentive Plan”). Options under the 2021 Share Incentive Plan were also granted to the employees through the incentive platform of Nanjing Yipu.

Subject to the terms and conditions as set out in the 2021 Share Incentive Plan, share options would be vested in the portions of 30%, 30% and 40% on the third, fourth and fifth anniversaries of the grant dates of the options, respectively.

The following options were outstanding under the Original Share Incentive Plan during the three-month period ended 31 March 2023:

	Number of options (a)	Weighted average exercise price <i>RMB</i>
At 1 January 2023 and 31 December 2022	6,792,460	3.081
Exercised during the period	1,415,455	1.890
Forfeited during the period	1,004,878	5.216
	<u>4,372,127</u>	<u>2.975</u>
At 31 March 2023 (b)	<u>4,372,127</u>	<u>2.975</u>

- (a) The number of options represented in the corresponding number of underlying shares of the Company that employees would indirectly receive the economic interests through Nanjing Yipu.
- (b) At 31 March 2023 (“Replacement date”), all outstanding options granted under the Original Share Incentive Plan were replaced by restricted shares.

The exercise period of these options under the Original Share Incentive Plan is six years from the grant dates. As of 31 December 2022, the number of exercisable options was 1,557,247, and the exercisable period ranges from July 2018 to May 2027.

In March 2023, a share incentive plan (the “2023 Share Incentive Plan”) was approved by the shareholders of the Company and became effective on 31 March 2023. The 2023 Share Incentive Plan is a replacement of the Original Share Incentive Plan.

Subject to the 2023 Share Incentive Plan, a total of 10,674,066 restricted shares were granted, of which 6,301,939 were newly granted to selected employees and 4,372,127 restricted shares were granted to replace the outstanding share options under the Original Share Incentive Plan. The eligible participants can obtain the whole right of the shares while meeting the vesting condition which requires the employees being in service from the date of grant to the later of (1) five years since the grant date (the “Service Period”) and (2) the end of a lock-up period which is determined by the regulations and review policies of securities regulatory of the Company’s listing location after successful IPO of the Company (the “Lock-up Period”). If an eligible participant’s employment terminates during the vesting period, all unvested restricted shares as of the termination date will be forfeited. After taking into consideration the best estimation of the IPO date, the management determined the vesting period of those restricted shares would be the Service Period.

The fair value of services received in return for a newly restricted share granted is measured by reference to the fair value of the restricted shares less the subscription price, which would be amortised over the Service Period. The fair value of the restricted shares is measured by reference to the Company’s share price for the series D+ investors.

The Company accounted for 4,372,127 restricted shares to replace the outstanding share options under the Original Share Incentive Plan as a modification of the Original Share Incentive Plan since such modification increased the fair value of the equity instruments granted to the employees as of 31 March 2023, the Company continued to amortise the share-based expenses before replacement over the vesting period under the Original Share Incentive Plan, and the incremental fair value over the Service Period.

The following restricted shares were outstanding under the 2023 Share Incentive Plan during the year ended 31 December 2023:

	Number of restricted shares	Subscription price per share RMB
At 31 March 2023	10,674,066	1
Forfeited during the year	<u>726,445</u>	<u>1</u>
At 31 December 2023	<u><u>9,947,621</u></u>	<u><u>1</u></u>

The following restricted shares were outstanding under the 2023 Share Incentive Plan during the year ended 31 December 2024:

	Number of restricted shares	Subscription price per share RMB
At 31 December 2023	9,947,621	1
Forfeited during the year	<u>81,224</u>	<u>1</u>
At 31 December 2024	<u><u>9,866,397</u></u>	<u><u>1</u></u>

The following table lists out the key inputs to calculate the fair value of the share options under the Original Share Incentive Plan as of 31 March 2023:

	31 March 2023 ("Replacement date")
Risk-free interest rate	2.28%-2.62%
Volatility	44.48%-49.60%
Dividend yield	0%
Equity price*	12.03

* The equity price of the Company was estimated using the share price in the series D+ Financing.

There are no cash settlement alternatives. The Group accounts for the share incentive plans as equity-settled plans. The Group recognised share-based payment expenses of RMB14,784,000 and RMB16,389,000, in the statements of profit or loss related to the above share incentive plans (the Original Share Incentive Plan and 2023 Share Incentive Plan) during the years ended 31 December 2023 and 2024.

27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,597,000 and RMB2,597,000, respectively, in respect of lease arrangements for office buildings.

During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,378,000 and RMB5,378,000, respectively, in respect of lease arrangements for office buildings.

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

	Lease liabilities <i>RMB'000</i>
At 1 January 2023	2,688
Changes from financing cash flows:	
Lease payments	<u>(3,507)</u>
Other change:	
Accretion of interest recognised during the year	248
New lease	<u>5,378</u>
At 31 December 2023	<u><u>4,807</u></u>
	Lease liabilities <i>RMB'000</i>
At 1 January 2024	4,807
Changes from financing cash flows:	
Lease payments	<u>(3,235)</u>
Other change:	
Accretion of interest recognised during the year	201
New lease	<u>2,597</u>
At 31 December 2024	<u><u>4,370</u></u>

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

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>
Within operating activities	93	94
Within financing activities	<u>3,507</u>	<u>3,235</u>
Total	<u><u>3,600</u></u>	<u><u>3,329</u></u>

28. COMMITMENTS

The Group had the following capital commitment at the end of each of the Relevant Periods.

	31 December 2023 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Authorised, but not provided for: Construction project	3,617	2,418
Total	<u>3,617</u>	<u>2,418</u>

29. RELATED PARTY TRANSACTIONS

(a) Name and relationship of related party

Name	Relationship
PharmaBlock Sciences (Nanjing), Inc.	Shareholder of the Company

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>
Purchase of goods and services		
PharmaBlock Sciences (Nanjing), Inc.	1,049	766

Note: The pricing of goods and services was made according to the published prices and conditions similar to those offered to the major customers of the supplier.

(c) Outstanding balance with a related party:

	31 December 2023 <i>RMB'000</i>	31 December 2024 <i>RMB'000</i>
Trade payable:		
Due to a shareholder:		
PharmaBlock Sciences (Nanjing), Inc.	38	1

As of 31 December 2023 and 31 December 2024, the balance with PharmaBlock Sciences (Nanjing), Inc., which was trade in nature, represented the unsettled research and development expenses.

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

	Year ended 31 December 2023 <i>RMB '000</i>	Year ended 31 December 2024 <i>RMB '000</i>
Short term employee benefits	12,562	10,033
Post-employment benefits	2,839	3,005
Share-based payments	6,516	7,169
	<hr/>	<hr/>
Total	21,917	20,207
	<hr/> <hr/>	<hr/> <hr/>

Further details of directors', supervisors' and the chief executive's emoluments are included in note 11 to the Historical Financial Information.

30. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss (mandatorily classified) <i>RMB '000</i>	Financial assets at amortised cost <i>RMB '000</i>	Total <i>RMB '000</i>
Financial assets included in prepayment, other receivables and other assets	–	3,540	3,540
Financial assets at fair value through profit or loss	341,541	–	341,541
Cash and cash equivalents	–	496,629	496,629
	<hr/>	<hr/>	<hr/>
Total	341,541	500,169	841,710
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Financial liabilities

	Financial liabilities at amortised cost <i>RMB '000</i>
Trade payables	78,578
Financial liabilities included in other payables and accruals	431
Lease liabilities	4,807
	<hr/>
Total	83,816
	<hr/> <hr/>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss (mandatorily classified) RMB '000	Financial assets at amortised cost RMB '000	Total RMB '000
Financial assets included in prepayment, other receivables and other assets	–	4,605	4,605
Financial assets at fair value through profit or loss	3,027	–	3,027
Cash and cash equivalents	–	569,506	569,506
	<hr/>	<hr/>	<hr/>
Total	<u>3,027</u>	<u>574,111</u>	<u>577,138</u>

Financial liabilities

	Financial liabilities at amortised cost RMB '000
Trade payables	81,243
Financial liabilities included in other payables and accruals	481
Lease liabilities	4,370
	<hr/>
Total	<u>86,094</u>

31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of financial assets included in prepayments, other receivables and other assets, cash and cash equivalents, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments. The wealth management products which are classified as financial assets at fair value through profit or loss are valued by discounted cash flows using market rates that reflect the risk of the wealth management products. The fair values of the other non-current financial liabilities and non-current financial assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, which approximate to their carrying amounts.

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

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant Observable Inputs (Level 2) <i>RMB'000</i>	Significant Unobservable Inputs (Level 3) <i>RMB'000</i>	
Wealth management products	–	341,541	–	341,541

As at 31 December 2024

	Fair value measurement using			Total <i>RMB'000</i>
	Quoted prices in active markets (Level 1) <i>RMB'000</i>	Significant Observable Inputs (Level 2) <i>RMB'000</i>	Significant Unobservable Inputs (Level 3) <i>RMB'000</i>	
Wealth management products	–	3,027	–	3,027

The Group did not have any financial assets measured at fair value and did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

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

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and bank balances and financial assets at fair value through profit or loss. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade and other payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity.

	Decrease/ (increase) in rate of foreign currency %	Decrease/ (increase) in loss before tax RMB '000	Decrease/ (increase) in equity RMB '000
31 December 2023			
If RMB weakens against USD	5	693	693
If RMB strengthens against USD	(5)	(693)	(693)
If RMB weakens against JPY	5	56	56
If RMB strengthens against JPY	(5)	(56)	(56)
If RMB weakens against EUR	5	(11)	(11)
If RMB strengthens against EUR	(5)	11	11
31 December 2024			
If RMB weakens against USD	5	(2,583)	(2,583)
If RMB strengthens against USD	(5)	2,583	2,583
If RMB weakens against JPY	5	67	67
If RMB strengthens against JPY	(5)	(67)	(67)
If RMB weakens against EUR	5	(25)	(25)
If RMB strengthens against EUR	(5)	25	25
If RMB weakens against SEK	5	(9)	(9)
If RMB strengthens against SEK	(5)	9	9
If RMB weakens against GBP	5	(60)	(60)
If RMB strengthens against GBP	(5)	60	60

Credit risk

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

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs Stage 1 RMB '000
Financial assets included in prepayments, other receivables and other assets	3,571
Cash and cash equivalents	496,629
	<hr/>
Total	500,200

As at 31 December 2024

	12-month ECLs Stage 1 RMB'000
Financial assets included in prepayments, other receivables and other assets	4,628
Cash and cash equivalents	<u>569,506</u>
Total	<u><u>574,134</u></u>

Liquidity risk

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

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

	At 31 December 2023				
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	78,578	–	–	–	78,578
Financial liabilities included in other payables and accruals	431	–	–	–	431
Lease liabilities	<u>1,697</u>	<u>957</u>	<u>941</u>	<u>1,393</u>	<u>4,988</u>
Total	<u><u>80,706</u></u>	<u><u>957</u></u>	<u><u>941</u></u>	<u><u>1,393</u></u>	<u><u>83,997</u></u>

	At 31 December 2024				
	On demand	Less than 6 months	6 to less than 12 months	1 to 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	81,243	–	–	–	81,243
Financial liabilities included in other payables and accruals	481	–	–	–	481
Lease liabilities	<u>1,389</u>	<u>1,412</u>	<u>483</u>	<u>1,242</u>	<u>4,526</u>
Total	<u><u>83,113</u></u>	<u><u>1,412</u></u>	<u><u>483</u></u>	<u><u>1,242</u></u>	<u><u>86,250</u></u>

Capital management

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

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

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December 2023	As at 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Total liabilities	103,912	104,568
Total assets	887,090	629,601
Debt-to-asset ratio	11.71%	16.61%

33. EVENTS AFTER THE RELEVANT PERIODS

The Company and the Group had no significant subsequent events after 31 December 2024 and up to the date of this report.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2024.