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

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

Introduction

We report on the historical financial information of Mabwell (Shanghai) Bioscience Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-62, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended 31 December 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 April 2026 (the "Prospectus") in connection with the initial listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and of the financial performance and cash flows of the Group for 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 I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
20 April 2026

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 as issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
Revenue	5	199,622	658,694
Cost of sales		(30,388)	(62,323)
Gross profit		169,234	596,371
Other income and gains	5	52,393	49,510
Selling and distribution expenses		(191,672)	(225,257)
Research and development costs		(782,869)	(976,961)
Administrative expenses		(218,248)	(279,474)
Other expenses		(9,246)	(21,701)
(Impairment)/reversal of impairment on financial assets, net	6	(2,225)	2,526
Finance costs	7	(57,780)	(90,846)
Share of losses of associates		(7,058)	(10,562)
LOSS BEFORE TAX	6	(1,047,471)	(956,394)
Income tax credit/(expense)	10	907	(15,864)
LOSS FOR THE YEAR		(1,046,564)	(972,258)
Attributable to:			
Owners of the parent		(1,043,919)	(969,334)
Non-controlling interests		(2,645)	(2,924)
		(1,046,564)	(972,258)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Exchange differences on translation of foreign operations of group entities		279	(627)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		279	(627)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,046,285)	(972,885)
Attributable to:			
Owners of the parent		(1,043,640)	(969,961)
Non-controlling interests		(2,645)	(2,924)
		(1,046,285)	(972,885)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)			
– For loss for the year	12	(2.61)	(2.43)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,900,684	1,847,343
Right-of-use assets	14	292,039	259,599
Goodwill	15	118,770	118,770
Other intangible assets	16	19,420	15,700
Investments in associates	17	46,658	91,137
Prepayments, other receivables and other assets	22	192,757	180,653
Financial assets at fair value through profit or loss	19	–	4,037
Total non-current assets		2,570,328	2,517,239
CURRENT ASSETS			
Inventories	20	211,682	187,897
Trade receivables	21	38,344	99,789
Prepayments, other receivables and other assets	22	258,754	222,627
Financial assets measured at fair value through profit or loss	19	3,773	–
Restricted cash		733	1,718
Cash and bank balances	23	1,191,894	1,526,571
Total current assets		1,705,180	2,038,602
CURRENT LIABILITIES			
Trade payables	24	100,234	197,097
Other payables and accruals	25	371,506	680,807
Due to related parties	35	108	12,935
Derivative financial liabilities	26	3,097	2,682
Interest-bearing bank borrowings	27	1,035,253	1,327,598
Lease liabilities	14	31,516	34,616
Corporate bonds	29	–	2,869
Total current liabilities		1,541,714	2,258,604
NET CURRENT ASSETS/(LIABILITIES)		163,466	(220,002)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,733,794	2,297,237
NON-CURRENT LIABILITIES			
Other payables and accruals	25	28,603	102,127
Interest-bearing bank borrowings	27	1,006,446	948,030
Lease liabilities	14	142,966	114,038
Redemption liabilities on non-controlling shares in a subsidiary	28	–	207,085
Corporate bonds	29	–	392,955
Total non-current liabilities		1,178,015	1,764,235
Net assets		1,555,779	533,002
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	399,600	399,600
Treasury shares	30	–	(49,995)
Reserves	31	1,169,278	(98)
		1,568,878	349,507
Non-controlling interests		(13,099)	183,495
Total equity		1,555,779	533,002

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent							
	Share capital	Capital reserve*	Restricted shares and share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	399,600	5,637,668	292,981	4,802	(3,751,349)	2,583,702	(10,454)	2,573,248
Loss for the year	–	–	–	–	(1,043,919)	(1,043,919)	(2,645)	(1,046,564)
Other comprehensive loss for the year:								
Exchange differences on translation of foreign operations of group entities	–	–	–	279	–	279	–	279
Total comprehensive loss for the year	–	–	–	279	(1,043,919)	(1,043,640)	(2,645)	(1,046,285)
Exercise of restricted share units	–	300,390	(300,390)	–	–	–	–	–
Recognition of share-based payment expenses (*note 32*)	–	–	28,816	–	–	28,816	–	28,816
At 31 December 2024	399,600	5,938,058	21,407	5,081	(4,795,268)	1,568,878	(13,099)	1,555,779

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Treasury shares	Capital reserve*	Restricted shares and share option reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	399,600	–	5,938,058	21,407	5,081	(4,795,268)	1,568,878	(13,099)	1,555,779
Loss for the year	–	–	–	–	–	(969,334)	(969,334)	(2,924)	(972,258)
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations of group entities	–	–	–	–	(627)	–	(627)	–	(627)
Total comprehensive loss for the year	–	–	–	–	(627)	(969,334)	(969,961)	(2,924)	(972,885)
Capital contribution from non-controlling shareholders	–	–	482	–	–	–	482	199,518	200,000
Repurchase obligation to non-controlling shareholder	–	–	(200,000)	–	–	–	(200,000)	–	(200,000)
Shares repurchased	–	(49,995)	(7)	–	–	–	(50,002)	–	(50,002)
Recognition of share-based payment expenses *(note 32)*	–	–	–	110	–	–	110	–	110
At 31 December 2025	399,600	(49,995)	5,738,533	21,517	4,454	(5,764,602)	349,507	183,495	533,002

* The reserve accounts comprised RMB1,169,278,000 and RMB(98,000) in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax:		(1,047,471)	(956,394)
Adjustments for:			
Finance costs	*7*	57,780	90,846
Share of losses of associates	*6*	7,058	10,562
Interest income	*5*	(20,917)	(7,609)
Loss on disposal of items of property, plant and equipment	*6*	114	104
Loss on disposal of right-of-use assets		–	(207)
Fair value gains, net:			
Financial assets measured at fair value through profit or loss	*5*	(149)	(707)
Derivative financial liabilities measured at fair value through profit or loss	*6*	(345)	(415)
Investment income from financial assets measured at fair value through profit or loss	*5*	(809)	(176)
Investment income from financial assets measured at amortised cost	*5*	(2,030)	(785)
Depreciation of property, plant and equipment	*13*	95,060	179,544
Depreciation of right-of-use assets	*14*	35,223	34,713
Amortisation of other intangible assets	*16*	15,938	5,014
Impairment losses of inventories	*6*	5,527	11,264
Impairment losses/(reversal impairment losses) on trade receivables and other receivables, net	*6*	2,225	(2,526)
Share-based payment expenses	*32*	28,816	110
Foreign exchange differences, net	*6*	(283)	3,555
(Increase)/decrease in inventories		(57,909)	12,521
Increase in trade receivables		(20,859)	(62,483)
(Increase)/decrease in prepayments, other receivables and other assets		(56,504)	34,400
Decrease/(increase) in restricted cash		5,482	(984)
Increase in trade payables		37,945	96,863
(Decrease)/increase in other payables and accruals		(59,592)	272,744
(Decrease)/increase in amounts due to related parties		(70)	327
Cash used in operations		(975,770)	(279,719)
Interest received		21,764	7,577
Income tax paid		(3,438)	(18,081)
Income tax refund		1,001	–
Net cash flows used in operating activities		(956,443)	(290,223)

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(313,095)	(157,166)
Proceeds from disposal of items of property, plant and equipment		–	1
Purchases of items of right-of-use assets		(16,777)	–
Purchases of items of other intangible assets		(197)	(545)
Purchases of financial assets measured at fair value through profit or loss		(209,306)	(225,245)
Redemption of financial assets measured at fair value through profit or loss		220,530	228,985
Purchases of financial assets measured at amortised cost		(126,098)	–
Redemption of financial assets measured at amortised cost		161,930	–
Investment income from financial assets		2,988	1,241
Investments in associates		(11,530)	(46,586)
Net cash flows used in investing activities		(291,555)	(199,315)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		3,605,481	2,465,810
Loans from financial institutions		–	200,000
Repayment of borrowings		(2,669,130)	(2,230,262)
Interest paid		(66,112)	(78,381)
Receipt of fiscal interest discount		2,892	–
Payment of listing expense		(5,460)	(23,367)
Other financing payment		–	(3,921)
Capital Contribution from non-controlling shareholders		–	200,000
Finance lease security deposit		–	(5,000)
Proceeds from corporate bonds		–	400,000
Lease payments	*14(b)*	(35,973)	(34,432)
Purchase of treasury shares for share-based payment plans		–	(50,002)
Repayment of loans from financial institutions		–	(48,520)
Net cash flows from financing activities		831,698	791,925
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(416,300)	302,387
Cash and cash equivalents at beginning of year		1,643,633	1,227,566
Effect of foreign exchange rate changes, net		233	(3,614)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*23*	1,227,566	1,526,339

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December	
		2024	2025
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	90,844	122,387
Right-of-use assets	14	64,671	51,160
Other intangible assets	16	1,068	1,517
Investments in associates	17	29,384	71,959
Investments in subsidiaries	18	1,540,988	1,940,997
Due from subsidiaries	35	29,461	31,291
Prepayments, other receivables and other assets	22	29,059	62,210
Financial assets at fair value through profit or loss	19	–	4,037
Total non-current assets		1,785,475	2,285,558
CURRENT ASSETS			
Inventories	20	38,916	32,455
Trade receivables	21	1,121	39,546
Prepayments, other receivables and other assets	22	45,917	137,534
Due from subsidiaries	35	2,205,199	1,210,609
Advance to subsidiaries	35	181,644	452,811
Restricted cash		1	1
Cash and bank balances	23	631,166	737,309
Total current assets		3,103,964	2,610,265
CURRENT LIABILITIES			
Trade payables	24	84,023	165,836
Other payables and accruals	25	113,941	364,440
Derivative financial liabilities	26	3,097	2,682
Interest-bearing bank borrowings	27	908,853	1,042,734
Due to related parties	35	108	12,935
Due to subsidiaries	35	96,114	369,636
Lease liabilities	14	13,124	12,169
Corporate bonds		–	2,869
Total current liabilities		1,219,260	1,973,301
NET CURRENT ASSETS		1,884,704	636,964
TOTAL ASSETS LESS CURRENT LIABILITIES		3,670,179	2,922,522
NON-CURRENT LIABILITIES			
Other payables and accruals	25	2,653	2,980
Interest-bearing bank borrowings	27	75,867	64,770
Lease liabilities	14	59,234	47,065
Corporate bonds		–	392,955
Total non-current liabilities		137,754	507,770
Net assets		3,532,425	2,414,752
EQUITY			
Share capital	30	399,600	399,600
Treasury shares		–	(49,995)
Reserves	31	3,132,825	2,065,147
Total equity		3,532,425	2,414,752

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Mabwell (Shanghai) Bioscience Co., Ltd. (the "Company") is a joint stock limited company with limited liability registered in Chinese mainland on 12 May 2017, which is ultimately controlled by, among others, Mr. Tang Chunshan and Ms. Chen Shanna. The registered office address of the Company is Room 105, Building 2, No. 230 Cailun Road, China (Shanghai) Pilot Free Trade Zone, the PRC. On 18 January 2022, the Company's A Shares were listed on the Shanghai Stock Exchange STAR Market.

The Group is principally engaged in the research and development of new molecular entity drugs, and its business scope is research, development, transfer, technical services for and production and sales of new pharmaceutical and chemical technologies and new pharmaceutical products in the People's Republic of China (the "PRC").

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

Name	Note	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
南京諾艾新生物技術有限公司 Nanjing NovoAcine Biotechnology Co., Ltd.* ("Nanjing NovoAcine")	*(a)*	PRC/Chinese mainland 30 November 2015	RMB15,000,000	80	–	Research and development of pharmaceutical products
邁威(麗水)醫藥科技有限公司 Maiwei (Lishui) Pharmaceutical Science & Technology Co., Ltd.* ("Maiwei Lishui")	*(a)*	PRC/Chinese mainland 20 December 2021	RMB10,000,000	100	–	Research and development of pharmaceutical products
上海朗潤邁威生物醫藥科技有限公司 Shanghai Langrun Mabwell Biomedical Technology Co., Ltd.* ("Langrun Mabwell")	*(b)*	PRC/Chinese mainland 31 May 2017	RMB600,000,000	100	–	Research and development and manufacturing of pharmaceutical products
江蘇邁威藥業有限公司 Jiangsu Mabwell Pharmaceutical Co., Ltd.* ("Jiangsu Mabwell")	*(b)*	PRC/Chinese mainland 10 February 2014	RMB10,000,000	100	–	Trade of pharmaceutical products
北京科諾信誠科技有限公司 Beijing Kohnoor Science & Technology Co., Ltd.* ("Beijing Kohnoor")	*(a)*	PRC/Chinese mainland 23 May 2008	RMB1,000,000	100	–	Research and development of pharmaceutical products
江蘇泰康生物醫藥有限公司 Jiangsu T-mab Bio Pharma Co., Ltd.* ("T-mab Bio Pharm")	*(c)*	PRC/Chinese mainland 30 July 2008	RMB880,000,000	100	–	Research and development and manufacturing of pharmaceutical products
上海德思特力生物技術有限公司 Shanghai Destiny Biotech Co., Ltd.* ("Destiny Biotech")	*(a)*	PRC/Chinese mainland 25 October 2013	RMB5,575,000	100	–	Research and development of pharmaceutical products
上海普銘生物科技有限公司 Shanghai PUREmab Bio-Tech Co., Ltd.* ("PUREmab")	*(a)*	PRC/Chinese mainland 2 May 2017	RMB10,000,000	100	–	Research and development of pharmaceutical products
江蘇邁威康新藥研發有限公司 Jiangsu Mabwell Health Pharmaceutical R&D Co., Ltd.* ("Mabwell Health Pharmaceutical")	*(a)*	PRC/Chinese mainland 11 September 2018	RMB50,000,000	100	–	Research and development of pharmaceutical products
上海君實康生物科技有限公司 Shanghai Junshikang Bioscience Co., Ltd.* ("Shanghai Junshikang")	*(a)*	PRC/Chinese mainland 2 December 2021	RMB10,000,000	51	–	Research and development of pharmaceutical products
邁威視醫藥科技(浙江)有限公司 MabwellVision (Zhejiang) Pharmaceutical Science & Technology Co., Ltd.* ("MabwellVision")	*(a)*	PRC/Chinese mainland 28 April 2024	RMB10,000,000	100	–	Research and development of pharmaceutical products

Name	Note	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
邁威(重慶)生物醫藥有限公司 Mabwell (Chongqing) Biopharma Co., Ltd.* ("Mabwell Chongqing") . . .	*(b)*	PRC/Chinese mainland 23 May 2024	RMB1,208,000,000	–	83	Research and development of pharmaceutical products
邁威生物實業有限公司 Mabwell Bioscience Industrial Co., Limited* ("Mabwell Bioscience") . . .	*(a)*	Hong Kong 12 July 2024	HK$10,000	100	–	Research and development of pharmaceutical products
聯威創源(上海)生物技術有限公司 Lianwei Chuangyuan (Shanghai) Biotechnology Co., Ltd. (Lianwei Chuangyuan)	*(a)*	PRC/Chinese mainland 20 November 2025	RMB8,000	82	18	Research and development of pharmaceutical products
上海聯威協創醫藥信息諮詢合夥企業(有限合夥) Shanghai Lianwei Xiechuang Biopharmaceutical Information Consulting Partnership Enterprise (Limited Partnership) ("Lianwei Xiechuang") . . .	*(a)*	PRC/Chinese mainland 11 November 2025	RMB1,440	1	99	Research and development of pharmaceutical products
邁威新加坡有限公司 MABWELL SINGAPORE PTE. LTD. ("Mabwell Singapore")	*(a)*	Singapore 7 July 2025	SGD$1	100	–	Research and development of pharmaceutical products
Mabwell Therapeutics, INC ("Mabwell U.S.")	*(a)*	USA/United States of America 26 July 2018	US$12,500,000	100	–	Research and development of pharmaceutical products
DESTINY BIOTECH LLC ("Destiny U.S.")	*(a)/(d)*	USA/United States of America 31 May 2016	US$2,380,000	–	100	Research and development of pharmaceutical products

* The English names of the companies registered in Chinese mainland referred to above in this note represent management's best effort in translating the Chinese names of those companies as no English names have been registered or are available.

Notes:

(a) No audited statutory financial statements have been prepared for these entities since their incorporation/ registration.

(b) The statutory financial statements of these entities for this year ended 31 December 2024 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Beijing Zhenglue Certified Public Accountants Co., Ltd. The statutory financial statements of these entities for the year ended 31 December 2025 have not been issued as of the date of this report.

(c) The statutory financial statements of the entity for the years ended 31 December 2024 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by Jiangsu Fangcheng Certified Public Accountants LLP, respectively. The statutory financial statements of the entity for the year ended 31 December 2025 have not been issued as of the date of this report.

(d) Destiny U.S. was deregistered on 12 February 2024.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the 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 and certain financial liabilities which have been measured at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries 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 Relevant Periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

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

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

3 No mandatory effective date yet determined but available for adoption

The application of HKFRS 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. Except for HKFRS 18, the directors of the Company anticipate that the application of these new and amended HKFRS Accounting Standards will have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

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

Upon loss of significant influence over the control of the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information 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 Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the Relevant Periods.

During the Relevant Periods, the Group had certain financial assets and financial liabilities categorised within Level 3 of fair value measurement. The Level 3 Financial liabilities include derivative financial liabilities. The finance department headed by the finance director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Category	Principal annual rate
Leasehold improvements	20.00% to 33.33%
Buildings	4.75%
Plant and machinery	9.50% to 19.00%
Office equipment	19.00% to 31.67%
Electronic equipment	31.67%
Motor vehicles	23.75%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The 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 the end of the Relevant Periods.

Software

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

Patents and Trademark

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

Licenses

Licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 33 months.

Research and development costs

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

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

The Group starts capitalization of research and development costs, when the Group obtained the formal drug registration approval issued by the National Medical Products Administration of China or similar foreign regulatory agencies, or other approvals that allow the drug to enter the production and commercialization process (excluding conditional drug registration approvals), and the capitalization end when the drug is sold.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2 to 10.58 years
Vehicles	2.00-3.00 years
Leasehold land	50.00 years

(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.

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of 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 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 HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets measured at fair value through profit or loss

Financial assets measured 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 profit or loss. This category includes derivative instruments and debt investments.

Derivative financial assets mainly comprise the preferred liquidation rights embedded in the investment terms of its associates. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows. The evaluation methods are referred to note 37

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs during the Relevant Period. 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 financial liabilities at fair value through profit or loss, loans and borrowings, corporate bonds, or payables, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, derivative financial liabilities, corporate bonds, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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

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

Redemption liabilities on non-controlling shares in a subsidiary

The Group has repurchase obligation according to the terms of the Shareholders' Agreement of a subsidiary. The financial liability is recognised initially at the present value of the redemption amount, and is reclassified from equity. Subsequently, if the Group revises its estimates of future payments, the Group will adjust the carrying amount of the redemption liabilities to reflect actual and revised estimated cash outflows. Further details are included in note 28 to the Historical Financial Information.

Derecognition of financial liabilities

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

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

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

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

Provisions

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

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

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

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 HKFRS 15.

Sale of pharmaceutical products

The Group sells pharmaceutical products to third-party contract sales organisations. Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the third-party contract sales organisations, generally on receipt of the goods.

Out-licensing arrangements

The Group grant intellectual property licenses (the "License") of certain products. The License are either sold separately or bundled together with research and development services to one customer.

Contracts for bundled License and research and development services are comprised of two performance obligations because the promises to transfer the License and provide research and development services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative stand-alone selling prices of the License and research and development services.

(i) Licenses of intellectual property rights

For the intellectual property licenses which the customer gets a right to use the License, the revenue of the License is recognised at a point of time, when the control of the license is transferred to the customer and the customer is able to consume and benefit from the License. The consideration for License comprises fixed element and variable elements. The variable elements are included in the transaction price when the Group can conclude that it is highly probable there will not be a significant reversal of revenue.

(ii) Research and development services

For the research and development service which the customers can't control the service or consume the benefit or have no enforceable obligation to pay for the service provided to date, the Group concluded that the research and development service can be identified as a performance obligation satisfied at a point in time. The stand-alone selling prices is recognised as revenue when the customers accept and can benefit from this service.

For research and development services which the customer simultaneously receives and consumes the benefits provided by the Group, the revenue from research and development services is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The progress is determined on the basis of the cost expended relative to the total expected cost to complete the service.

(iii) Milestone payments

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

(iv) Royalties

For arrangements that include sales-based royalties, including milestone payments based on the level of sales, and the licences that are deemed to be the predominant items to which the royalties relate, the Group recognises revenue at the later of (i) when the related sales occur, and (ii) when the performance obligation to which some or all of the royalties have been allocated is satisfied (or partially satisfied).

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

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

Contract liabilities

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

Contract cost assets

The Group's contract cost assets include the costs to obtain and fulfil a contract and are classified as inventories by liquidity.

The Group recognises as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs.

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

(1) the costs relate directly to a contract or to an anticipated contract, including direct labour, direct materials, overheads (or similar expenses), costs that are explicitly chargeable to the customer and other costs that are incurred only because an entity entered into the contract;

(2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and

(3) the costs are expected to be recovered.

The contract cost asset is amortised and charged to profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised.

The Group accrues provisions for impairment and recognises impairment losses to the extent that the carrying amount of a contract cost asset exceeds:

(1) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less

(2) the costs that are expected to be incurred to transfer those related goods or services.

Share-based payments

The Company operates a stock option scheme and restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 32 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 service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

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 scheme

The employees of the Group which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Proposed final dividends are disclosed in note 11 to the Historical Financial Information.

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 Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods 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 exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Identifying performance obligation under contracts which have bundled sales of the License and research and development services

The Group have certain contracts which provide the License together with research and development services to a customer. The Group determined that both the License and research and development services are capable of being distinct. The Group also determined that the promises to transfer the License and provide research and development services are distinct within the context of the contract. The Group is not providing a significant integration service because the presence of the License and research and development services together in the contract does not result in any additional or combined functionality and neither the License nor the research and development modifies or customises the other. In addition, the License and research and development services are not highly interdependent or highly interrelated, because the Group would be able to transfer the License even if the customer declined research and development services and would be able to provide research and development services if other distributors have such request. Consequently, the Group has allocated a portion of the transaction price to the License and the research and development services based on relative standalone selling prices.

(ii) Determining the timing of satisfaction of the License

For the License which the customer gets a right to use the License, revenue for the License is recognised at the point of time when the control of the License is transferred to the customer and the customer is able to consume and benefit from the License.

(iii) Determining the timing of satisfaction of research and development services

The Group concluded that in some contracts, revenue for research and development services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the research and development services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

The Group determined that the input method is the best method in measuring the progress of the research and development services because there is a direct relationship between the Group's effort (i.e., actual cost incurred) and the transfer of services to the customer. The Group recognises revenue on the basis of the cost expended relative to the total expected cost to complete the services.

The Group also concluded that in some other contracts, revenue for research and development services is to be recognised at a point of time, because the customers cannot control the service or consume the benefit and have no enforceable obligation to pay for the service provided to date.

(iv) Determining the method to estimate variable consideration

Certain contracts include variable consideration based on the future events. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

Given that the payments of certain variable consideration are not within the control of the Group, such as regulatory approvals, relevant consideration is not considered until relevant approvals are obtained. The Group determines that the most likely amount method is the appropriate method to estimate the variable consideration. When it is highly probable that the income corresponding to the relevant consideration will not be significantly reversed, the uncertainty of the variable consideration is eliminated and the variable consideration will be included in the transaction price. At the end of each the Relevant Periods, the Group will re-evaluate the probability of the payment of the variable consideration, and if necessary, adjust the estimation of the overall transaction price.

Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the losses can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end 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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least at the end of the Relevant Periods. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill at 31 December 2024 and 2025 were RMB118,770,000 and RMB118,770,000, respectively. Further details are given in note 15.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

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

Fair value of share-based payment transactions

The Group has set up a share option scheme and a restricted share plan. The share options were granted to the Group's employees. The restricted shares were granted to the Company's directors and the Group's employees. The fair values of the share options and restricted shares are determined by the binomial trees model and the most recent transaction model or discounted cash flow valuation model at the grant dates, respectively. Significant estimates on assumptions, including the exercise price, option life, risk-free interest rate, discount rate and expected volatility, are made by management. Further details are included in note 32 to the Historical Financial Information.

Useful lives and depreciation/amortization method of property, plant and equipment and other intangible assets

Based on a comprehensive assessment of various factors, the Group has determined the period over which property, plant and equipment and other intangible assets can generate economic benefits for the Group. At the end of the Relevant Periods, the Group reviews the useful life and depreciation/amortization methods of property, plant and equipment and finite-lived other intangible assets. If the useful life and depreciation methods of property, plant and equipment and amortization method of other intangible assets are different from previous estimates, and the depreciation/amortization period and method are adjusted accordingly. The carrying amount of property, plant and equipment and other intangible assets shall be written off when the economic benefits associated with the asset will not probably flow into the Group.

4. OPERATING SEGMENT INFORMATION

Operating segment information

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decision about resources allocation and preformation assessment.

Geographical information

a) Revenue from external customers

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Geographical markets		
Chinese mainland	148,585	578,310
Overseas	51,037	80,384
Total	199,622	658,694

The revenue information above is based on the locations of the customers.

b) Non-current assets

Since the Group's majority non-current assets were located in Chinese mainland, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segment.*

Information about major customers

Revenue derived from sales to customers, which amounted to more than 10% of the Group's revenue for the Relevant Periods is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Customer F	N/A*	333,120
Customer A	36,181	71,134
Customer B	58,884	107,110
Customer C	N/A*	N/A*
Customer D	23,232	N/A*
Total	118,297	511,364

* The Group's revenue from these customers during the corresponding period was less than 10%.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Revenue from contracts with customers	199,622	658,694

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Types of goods or services		
Sale of pharmaceutical products	144,592	250,132
Out-licensing revenue	55,030	408,562
Total	199,622	658,694
Geographical markets		
Chinese mainland	148,585	578,310
Overseas	51,037	80,384
Total	199,622	658,694
Timing of revenue Recognition		
Transferred at a point in time	199,622	658,694
Total	199,622	658,694

All the revenue from contracts with customers is derived from external customers.

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of the Relevant Periods:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the year		
Sale of pharmaceutical products	452	1,181
Out-licensing revenue	652	2,876
Total	1,104	4,057

(b) Performance obligations

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

Sale of pharmaceutical products

The performance obligation is satisfied upon delivery of the pharmaceutical products and payment is generally due within 30 to 120 days from delivery.

Out-licensing revenue

The Group's out-licensing revenue includes intellectual property licenses and providing research and development services.

For the intellectual property licenses, the performance obligation is satisfied upon the control of the license is transferred to the customer and the payment is generally due upon completion of transfer or payment in advance is required.

For research and development services, the performance obligation is usually satisfied upon over time as the services are rendered and payment in advance is required.

As at 31 December 2024 and 2025, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) was RMB36,010,000 and RMB309,566,000 respectively. The revenue attributable to these remaining performance obligations is expected to be recognised when the performance obligation is satisfied.

Other income and gains

An analysis of other income is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Other income		
Bank interest income	20,917	7,609
Investment income from financial assets measured at fair value through profit or loss	809	176
Government grants related to		
– assets*	1,299	2,812
– income**	26,714	30,791
Investment income from financial assets measured at amortised cost	2,030	785
Others	192	6,016
Total other income	51,961	48,189
Gains		
Fair value gain on financial assets measured at fair value through profit or loss, net	149	707
Fair value gain on financial liabilities at fair value through profit or loss	–	415
Gain on disposal of items of property, plant and equipment and right-of-use assets, net	–	199
Foreign exchange differences, net	283	–
Total gains	432	1,321
Total other income and gains	52,393	49,510

* The Group has received certain government grants related to assets to invest in laboratory and production equipment. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

** The Group received certain government grants related to income to compensate for the Group's costs already incurred in past. There are no unfulfilled conditions or contingencies relating to these government grants. These grants were recognised in profit or loss upon receipt.

6. LOSS BEFORE TAX

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

		Year ended 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
Cost of inventories sold		24,769	56,606
Cost of services provided		4,166	4,244
Depreciation of property, plant and equipment	*13*	95,060	179,544
Depreciation of right-of-use assets	*14*	35,223	34,713
Amortisation of other intangible assets	*16*	15,938	5,014
Research and development costs		782,869	976,961
Government grants	*5*	(28,013)	(33,603)
Lease payments not included in the measurement of lease liabilities	*14*	3,139	4,241
Interest on lease liabilities	*14*	7,655	6,584
Auditor's remuneration		1,700	1,800
Listing expenses		2,613	857
Employee benefit expense (excluding directors' remuneration *(note 8)*):			
Wages and salaries		342,930	367,486
Equity-settled share-based payments		18,411	110
Pension scheme contributions		82,852	83,130
Total		444,193	450,726

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
Impairment losses/(reversal impairment losses) on trade receivables and other receivables, net		2,225	(2,526)
Impairment losses on inventories		5,527	11,264
Fair value gain on financial assets measured at fair value through profit or loss, net	5	(149)	(707)
Fair value gain on derivative financial liabilities measured at fair value through profit or loss		(345)	(415)
Investment income from financial assets measured at fair value through profit or loss	5	(809)	(176)
Investment income from financial assets measured at amortised cost	5	(2,030)	(785)
Bank interest income	5	(20,917)	(7,609)
Foreign exchange differences, net	5	(283)	3,555
Loss on disposal of items of property, plant and equipment		114	104
Share of losses of associates	17	7,058	10,562

Cost of inventories sold and research and development costs include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses. Loss on disposal of items of property, plant and equipment is calculated by taking into account the taxes and fees with respect to the disposal.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2024	2025
	RMB'000	RMB'000
Interest on bank loans	69,814	71,555
Interest on lease liabilities	7,655	6,584
Interest on repurchase obligation	–	7,085
Interest on loans from financial institutions	–	4,424
Interest on corporate bonds	–	3,664
Total interest expense on financial liabilities not measured at fair value through profit or loss	77,469	93,312
Less: Interest capitalised	(19,689)	(2,466)
Total	57,780	90,846

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

Directors', supervisors' and chief executive's remuneration (including those as employees of the entities now comprising the Group prior to being directors or supervisors of the Company) for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December 2024	2025
	RMB'000	RMB'000
Director's fees	640	540
Other emoluments:		
Salaries, bonuses and allowances	11,112	10,549
Pension scheme contributions and social welfare	887	863
Share-based payment expenses	10,405	–
Subtotal	22,404	11,412
Total	23,044	11,952

During the Relevant Periods, restricted shares were granted to certain directors, supervisors and chief executive in respect of their services to the Group, further details of which are set out in note 32 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors’, supervisors’ and chief executive’s remuneration disclosures.

(a) Non-executive directors

The fees paid to non-executive directors during the year were as follows:

	Year ended 31 December	
	2024	2025
	RMB’000	*RMB’000*
Independent		
Mr. Li Boling *(note (i))*	180	–
Dr. Xu Qing *(note (ii))*	180	180
Dr. Zhao Qian *(note (ii))*	180	180
Mr. Qin Zhengyu *(note (iii))*	100	180
Subtotal	640	540
Non-independent		
Mr. Guo Yongqi *(note (iv))*	–	–
Mr. Wu Yufeng *(note (v))*	–	–
Subtotal	–	–
Total	640	540

Notes:

(i) Mr. Li Boling was appointed as an independent non-executive director of the Company with effect from October 2020 and resigned in June 2024.

(ii) Dr. Xu Qing and Dr. Zhao Qian were appointed as independent non-executive directors of the Company with effect from October 2020.

(iii) Mr. Qin Zhengyu was appointed as an independent non-executive director of the Company with effect from June 2024.

(iv) Mr. Guo Yongqi was appointed as a non-independent non-executive director of the Company with effect from June 2020 and resigned in December 2024.

(v) Mr. Wu Yufeng was appointed as a non-independent non-executive director of the Company with effect from December 2024.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, supervisors and chief executive

	Salaries, bonuses and allowances	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB’000	*RMB’000*	*RMB’000*	*RMB’000*
Year ended 31 December 2024				
Chief executive and executive director:				
Dr. Liu Datao *(note (i))*	2,560	145	7,487	10,192
Executive directors:				
Mr. Tang Chunshan *(note (ii))*	–	–	–	–
Mr. Xie Ning *(note (iii))*	721	34	–	755
Mr. Hu Huiguo *(note (iv))*	2,049	145	2,144	4,338
Dr. Gui Xun *(note (v))*	1,163	145	559	1,867
Mr. Wu Hai *(note (x))*	3,558	128	–	3,686
Subtotal	7,491	452	2,703	10,646
Supervisors:				
Mr. Chu Jian *(note (vii))*	–	–	–	–
Ms. Yin Yue *(note (viii))*	600	145	107	852
Ms. Huang Xianghong *(note (ix))*	461	145	108	714
Subtotal	1,061	290	215	1,566
Total	11,112	887	10,405	22,404

	Salaries, bonuses and allowances	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Chief executive and executive director:				
Dr. Liu Datao *(note (i))*	2,285	146	–	2,431
Executive directors				
Mr. Tang Chunshan *(note (ii))*	–	–	–	–
Mr. Hu Huiguo *(note (iv))*	1,976	146	–	2,122
Dr. Gui Xun *(note (v))*	1,689	146	–	1,835
Mr. Wu Hai *(note (x))*	3,568	133	–	3,701
Subtotal	7,233	425	–	7,658
Supervisors:				
Mr. Chu Jian *(note (vii))*	–	–	–	–
Ms. Yin Yue *(note (viii))*	516	146	–	662
Ms. Huang Xianghong *(note (ix))*	515	146	–	661
Subtotal	1,031	292	–	1,323
Total	10,549	863	–	11,412

Notes:

(i) Dr. Liu Datao was appointed as an executive director of the Company with effect from April 2019. Dr. Liu Datao is also the chief executive officer of the Company and his remuneration disclosed above included the services rendered by him as the chief executive officer.

(ii) Mr. Tang Chunshan was appointed as an executive director of the Company with effect from April 2019.

(iii) Mr. Xie Ning was appointed as an executive director of the Company with effect from June 2020 and resigned in December 2024.

(iv) Mr. Hu Huiguo was appointed as an executive director of the Company with effect from May 2021.

(v) Dr. Gui Xun was appointed as an executive director of the Company with effect from April 2023.

(vi) Mr. Zhang Jinchao was appointed as an executive director of the Company with effect from June 2020 and resigned in June 2023.

(vii) Mr. Chu Jian was appointed as a supervisor of the Company with effect from May 2017.

(viii) Ms. Yin Yue was appointed as a supervisor of the Company with effect from June 2020.

(ix) Ms. Huang Xianghong was appointed as a supervisor of the Company with effect from June 2020.

(x) Mr. Wu Hai was appointed as an executive director of the Company with effect from December 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods, except that the directors' remuneration of Mr. Tang Chunshan and Mr. Chu Jian for the Relevant Periods were waived with their authorisation.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included three and two of the directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two and three highest paid employees who are not a director of the Company are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses and allowances	3,496	7,494
Pension scheme contributions and social welfare	193	427
Share-based payment expenses	4,288	–
Total	7,977	7,921

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

	Year ended 31 December	
	2024	2025
HKD2,500,001 to HKD3,000,000	–	1
HKD3,000,001 to HKD3,500,000	–	2
HKD4,000,001 to HKD4,500,000	1	–
HKD4,500,001 to HKD5,000,000	1	–
Total	2	3

During the Relevant Periods, restricted shares were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

Chinese mainland

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law"), the subsidiaries which operate in Chinese mainland are subject to EIT at a rate of 25% on the taxable income during the Relevant Periods.

The Company and three of the Group's PRC subsidiaries, Beijing Kohnoor, Mabwell Health Pharmaceutical and T-mab Bio Pharma were accredited as "High and New Technology Enterprise" ("HNTE") in 2022 and 2025. Nanjing NovoAcine was accredited as a HNTE in 2023. The Company and these subsidiaries were entitled to a reduced preferential EIT rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC for every three years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

The United States of America ("USA")

The subsidiaries incorporated in United States are subject to statutory federal corporate income tax at a rate of 21%. They are also subject to the state income tax. Mabwell U.S. was incorporated in the State of California, the state income tax rate is 8.84%. Destiny U.S. was incorporated in the State of Maryland, the state income tax rate is 8.25%.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the statutory rate of 16.5% on any estimated assessable profits arising in Hong Kong during the Relevant Periods. The first HK$2,000,000 of assessable profits of each subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	338	18,168
Over provision in prior years	(1,245)	(2,304)
Total tax (credit)/charge for the year	(907)	15,864

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Loss before tax	(1,047,471)	(956,394)
Tax at the statutory tax rate (25%)	(261,868)	(239,099)
Different tax rates for specific jurisdictions or enacted by local authorities	221,596	164,899
Additional deductible allowance for qualified research and development costs	(159,417)	(245,889)
Expenses not deductible for tax	16,096	22,562
Tax losses utilised from previous periods	(13,496)	(39,104)
Profits and losses attributable to associates	1,764	2,641
Adjustments in respect of current tax of previous periods	(1,245)	(2,304)
Tax losses and temporary differences not recognised	195,663	352,158
Tax charge/(credit) at the Group's effective rate	(907)	15,864

11. DIVIDENDS

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

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of loss per share is based on:

	Year ended 31 December	
	2024	2025
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(1,043,919)	(969,334)
Shares ('000)		
Weighted average number of ordinary shares outstanding during the year used in the basic loss per share calculation	399,600	399,467
Loss per share		
Attributable to ordinary equity holders of the parent (Expressed in RMB)		
– Basic and diluted	(2.61)	(2.43)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Office equipment	Electronic equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024								
At 1 January 2024:								
Cost	181,825	3,583	48,150	598,511	3,448	1,130,700	30,406	1,996,623
Accumulated depreciation	(4,081)	(1,126)	(13,621)	(190,879)	(3,020)	–	(29,423)	(242,150)
Net carrying amount	177,744	2,457	34,529	407,632	428	1,130,700	983	1,754,473
At 1 January 2024, net of accumulated depreciation	177,744	2,457	34,529	407,632	428	1,130,700	983	1,754,473
Additions	–	106	1,776	11,870	75	242,439	–	256,266
Disposals	–	(1)	(23)	(88)	–	–	–	(112)
Depreciation provided during the year	(10,217)	(847)	(13,948)	(68,473)	(71)	–	(1,504)	(95,060)
Transfers	571,193	6,242	67,310	465,459	236	(1,132,267)	6,906	(14,921)
Exchange realignment	–	1	1	36	–	–	–	38
At 31 December 2024, net of accumulated depreciation	738,720	7,958	89,645	816,436	668	240,872	6,385	1,900,684
At 31 December 2024:								
Cost	753,019	9,926	116,881	1,075,595	3,760	240,872	37,312	2,237,365
Accumulated depreciation	(14,299)	(1,968)	(27,236)	(259,159)	(3,092)	–	(30,927)	(336,681)
Net carrying amount	738,720	7,958	89,645	816,436	668	240,872	6,385	1,900,684

	Buildings	Office equipment	Electronic equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025								
At 1 January 2025:								
Cost	753,019	9,926	116,881	1,075,595	3,760	240,872	37,312	2,237,365
Accumulated depreciation	(14,299)	(1,968)	(27,236)	(259,159)	(3,092)	–	(30,927)	(336,681)
Net carrying amount	738,720	7,958	89,645	816,436	668	240,872	6,385	1,900,684
At 1 January 2025, net of accumulated depreciation	738,720	7,958	89,645	816,436	668	240,872	6,385	1,900,684
Additions	1,294	252	822	13,368	441	110,069	1,478	127,724
Disposals	–	(2)	(3)	(98)	–	–	–	(103)
Depreciation provided during the year	(39,318)	(1,731)	(35,858)	(100,888)	(145)	–	(1,604)	(179,544)
Transfers	–	–	–	1,208	–	(2,584)	–	(1,376)
Exchange realignment	–	(2)	(1)	(39)	–	–	–	(42)
At 31 December 2025, net of accumulated depreciation	700,696	6,475	54,605	729,987	964	348,357	6,259	1,847,343
At 31 December 2025:								
Cost	754,313	10,169	117,647	1,089,442	4,201	348,357	38,790	2,362,919
Accumulated depreciation	(53,617)	(3,694)	(63,042)	(359,455)	(3,237)	–	(32,531)	(515,576)
Net carrying amount	700,696	6,475	54,605	729,987	964	348,357	6,259	1,847,343

As at 31 December 2024 and 2025, the carrying amounts of the pledged property, plant and equipment were RMB1,233,689,000 and RMB1,449,987,000, respectively.

The Company

	Office equipment	Electronic equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024							
At 1 January 2024:							
Cost	1,107	6,200	95,098	861	34,785	5,591	143,642
Accumulated depreciation	(696)	(4,409)	(42,118)	(818)	–	(5,591)	(53,632)
Net carrying amount	411	1,791	52,980	43	34,785	–	90,010
At 1 January 2024, net of accumulated depreciation	411	1,791	52,980	43	34,785	–	90,010
Additions	22	1,221	9,326	–	5,445	–	16,014
Disposals	–	(19)	(954)	–	–	–	(973)
Depreciation provided during the year	(365)	(931)	(12,419)	–	–	(492)	(14,207)
Transfers	2,116	278	31,625	–	(40,079)	6,060	–
At 31 December 2024, net of accumulated depreciation	2,184	2,340	80,558	43	151	5,568	90,844
At 31 December 2024:							
Cost	3,239	7,381	134,257	861	151	11,651	157,540
Accumulated depreciation	(1,055)	(5,041)	(53,699)	(818)	–	(6,083)	(66,696)
Net carrying amount	2,184	2,340	80,558	43	151	5,568	90,844

	Office equipment	Electronic equipment	Plant and machinery	Motor vehicles	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2025							
At 1 January 2025:							
Cost	3,239	7,381	134,257	861	151	11,651	157,540
Accumulated depreciation	(1,055)	(5,041)	(53,699)	(818)	–	(6,083)	(66,696)
Net carrying amount	2,184	2,340	80,558	43	151	5,568	90,844
At 1 January 2025, net of accumulated depreciation	2,184	2,340	80,558	43	151	5,568	90,844
Additions	105	242	4,417	–	43,877	109	48,750
Disposals	(2)	–	(91)	–	–	–	(93)
Depreciation provided during the year	(515)	(840)	(14,484)	–	–	(1,275)	(17,114)
Transfers	–	–	–	–	–	–	–
At 31 December 2025, net of accumulated depreciation	1,772	1,742	70,400	43	44,028	4,402	122,387
At 31 December 2025:							
Cost	3,339	7,623	138,105	861	44,028	11,760	205,716
Accumulated depreciation	(1,567)	(5,881)	(67,705)	(818)	–	(7,358)	(83,329)
Net carrying amount	1,772	1,742	70,400	43	44,028	4,402	122,387

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

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these leasehold land. Leases of buildings generally have lease terms of 2 to 10.58 years, leases of vehicles generally have lease terms of 2 to 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less.

(a) Right-of-use assets

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

	Buildings	Vehicles	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	181,496	67	119,475	301,038
Additions	9,700	408	16,777	26,885
Lease modification	(881)	–	–	(881)
Depreciation charge	(32,230)	(131)	(2,862)	(35,223)
Exchange rate fluctuation	220	–	–	220
As at 31 December 2024 and 1 January 2025	158,305	344	133,390	292,039
Additions	2,538	–	–	2,538
Disposal	(10)	–	–	(10)
Depreciation charge	(31,554)	(129)	(3,030)	(34,713)
Exchange rate fluctuation	(255)	–	–	(255)
As at 31 December 2025	129,024	215	130,360	259,599

As at 31 December 2024 and 2025, the carrying amounts of the pledged right-of-use assets were RMB116,781,000 and RMB114,086,000, respectively.

(b) Lease liabilities

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	194,070	174,482
New leases	9,708	2,538
Accretion of interest recognised during the year	7,655	6,584
Lease modification	(881)	–
Disposal	–	(216)
Exchange rate fluctuation	(97)	(302)
Payments	(35,973)	(34,432)
Carrying amount at the end of the year	174,482	148,654
Analysed into:		
Current portion	31,516	34,616
Non-current portion	142,966	114,038

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

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

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Interest on lease liabilities	7,655	6,584
Depreciation charge of right-of-use assets	35,223	34,713
Expense relating to short-term leases	3,139	4,241
Gain on disposal	–	206
Total amount recognised in profit or loss	46,017	45,744

(d) The total cash outflow for leases is disclosed in note 33 to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms of 3.17 to 10 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company. Other rental agreements generally have lease terms of 12 months or less.

(a) Right-of-use assets

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

	Buildings	Vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2024	77,042	67	77,109
Additions	1,774	408	2,182
Depreciation charge	(14,489)	(131)	(14,620)
As at 31 December 2024 and 1 January 2025	64,327	344	64,671
Depreciation charge	(13,382)	(129)	(13,511)
As at 31 December 2025	50,945	215	51,160

(b) Lease liabilities

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year	83,415	72,358
New leases	2,182	–
Accretion of interest recognised during the year	3,199	2,641
Payments	(16,438)	(15,765)
Carrying amount at the end of the year	72,358	59,234
Analysed into:		
Current portion	13,124	12,169
Non-current portion	59,234	47,065

15. GOODWILL

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Carrying amount at the beginning of the year		
Cost	169,162	169,162
Accumulated impairment	(50,392)	(50,392)
Net carrying amount	118,770	118,770
Cost at 1 January, net of accumulated impairment	118,770	118,770
Carrying amount at the end of the year	118,770	118,770

Impairment testing of goodwill

The Group had provided full impairment in relation to goodwill resulted from the acquisition of Destiny Biotech and Nanjing NovoAcine prior to the beginning of the Relevant Periods.

Goodwill of RMB118,770,000 resulted from the acquisition of T-mab Bio Pharma in September 2017 to further expand the Group's market share of ADC drugs and antibody drugs.

The cash flows generated from each subsidiary acquired are independent from those of the other subsidiaries of the Company. The Group manages the research and development activities of each subsidiary separately. Therefore, goodwill is monitored by the management of the Company at the level of the cash-generating units of T-mab Bio Pharma.

The recoverable amount of the cash-generating units has been determined based on value-in-use calculations using pre-tax cash flow projections, which is based on financial budgets approved by the management.

	As at 31 December	
	2024	2025
Pre-tax discount rate	15.55%	16.08%
Forecast periods	7.00	6.00
Terminal growth rate	0%	0%

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill for the T-mab Bio Pharma cash-generating units as at 31 December 2024 and 2025.

Pre-tax discount rate — The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Forecast periods — The forecast periods as of 31 December 2024 and 2025 amounted to 7, and 6 years, respectively. This reflects the long cycle of drug R&D from Phase I to commercialization, and stable sale of the drug may only be reached after commercialization. Given the Company estimate that stable sales will be reached in 2031, the forecast periods as of 31 December 2024 and 2025 were set as 7, and 6 years, respectively.

Terminal growth rate — The basis is determined with reference to the long-term Customer Price Index of China and the nature of the business.

Based on the result of impairment assessment, there was no impairment on the goodwill for the T-mab Bio Pharma as at 31 December 2024 and 2025.

Sensitivity to changes in key assumptions:

The management of the Company has performed sensitivity test by decreasing 1% of revenue growth rates in the budget period or increasing 1% of pre-tax discount rate, with all other assumptions held constant. The impacts on the amount by which the cash-generating units 's recoverable amount above its carrying amount (headroom) are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Recoverable amounts	3,408,670	3,269,342
Carrying amount of the cash-generating unit	1,547,240	1,537,380
Headroom	1,861,430	1,731,962
Impact by decreasing expected revenue growth rate by 1%	(37,340)	(95,821)
Impact by increasing pre-tax discount rate by 1%	(283,285)	(237,647)

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the cash-generating units to exceed its recoverable amount.

16. OTHER INTANGIBLE ASSETS

The Group

	Software	Patents	Licences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024:				
Cost	6,227	154,453	4,772	165,452
Accumulated amortisation	(2,383)	(130,724)	(4,338)	(137,445)
Impairment	–	(7,762)	–	(7,762)
Net carrying amount	3,844	15,967	434	20,245
Cost at 1 January 2024, net of accumulated amortisation	3,844	15,967	434	20,245
Additions	192	–	–	192
Transfers from construction in progress	14,921	–	–	14,921
Amortisation provided during the year	(1,525)	(13,979)	(434)	(15,938)
At 31 December 2024:	17,432	1,988	–	19,420
At 31 December 2024:				
Cost	21,340	154,453	4,772	180,565
Accumulated amortisation	(3,908)	(144,703)	(4,772)	(153,383)
Impairment	–	(7,762)	–	(7,762)
Net carrying amount	17,432	1,988	–	19,420

	Software	Patents	Trademark rights	Licences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025:					
Cost	21,340	154,453	–	4,772	180,565
Accumulated amortisation	(3,908)	(144,703)	–	(4,772)	(153,383)
Impairment	–	(7,762)	–	–	(7,762)
Net carrying amount	17,432	1,988	–	–	19,420
Cost at 1 January 2025, net of accumulated amortisation	17,432	1,988	–	–	19,420
Additions	1,285	–	9	–	1,294
Amortisation provided during the year	(4,294)	(720)	–	–	(5,014)
At 31 December 2025:	14,423	1,268	9	–	15,700
At 31 December 2025:					
Cost	22,608	154,453	9	4,772	181,842
Accumulated amortisation	(8,185)	(145,423)	–	(4,772)	(158,380)
Impairment	–	(7,762)	–	–	(7,762)
Net carrying amount	14,423	1,268	9	–	15,700

The Company

	Software	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024:			
Cost	3,123	135	3,258
Accumulated amortisation	(1,626)	(45)	(1,671)
Net carrying amount	1,497	90	1,587
Cost at 1 January 2024, net of accumulated amortisation	1,497	90	1,587
Additions	–	94	94
Amortisation provided during the year	(591)	(22)	(613)
At 31 December 2024:	906	162	1,068
At 31 December 2024:			
Cost	3,123	229	3,352
Accumulated amortisation	(2,217)	(67)	(2,284)
Net carrying amount	906	162	1,068

	Software	Patents	Trademark rights	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
At 1 January 2025:				
Cost	3,123	229	–	3,352
Accumulated amortisation	(2,217)	(67)	–	(2,284)
Net carrying amount	906	162	–	1,068
Cost at 1 January 2025, net of accumulated amortisation	906	162	–	1,068
Additions	1,101	–	9	1,110
Amortisation provided during the year	(629)	(32)	–	(661)
At 31 December 2025:	1,378	130	9	1,517
At 31 December 2025:				
Cost	4,223	230	9	4,462
Accumulated amortisation	(2,845)	(100)	–	(2,945)
Net carrying amount	1,378	130	9	1,517

17. INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
The Group		
Share of net assets	46,658	91,137
The Company		
Share of net assets	29,384	71,959

Particulars of the Group's associates are as follows:

Name	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group As at 31 December 2024	2025	Principal activities
恩泰睿科生物公司 Nterica Bio, Inc. ("Nterica")*	USA	36.08	39.22	Research and development of pharmaceutical products
重慶博創醫藥有限公司 Chongqing Bochuang Pharmaceutical Co., Ltd. ("Chongqing Bochuang")**	PRC/Chinese mainland	12.50	12.50	Research and development of pharmaceutical products
非凡(重慶)生物製藥有限責任公司 Fitfine (Chongqing) Biopharma Co., Ltd. ("Fitfine")	PRC/Chinese mainland	20.00	20.00	Manufacture of pharmaceutical products
杭州芝蘭健康有限公司 Hangzhou Zhilan Health Co., Ltd. ("Zhilan")***	PRC/Chinese mainland	–	3.98	Research and development of pharmaceutical products
思努賽生物科技(上海)有限責任公司 Sinusai Biotechnology (Shanghai) Co., Ltd ("Sinusai")****	PRC/Chinese mainland	–	29.75	Research and development of pharmaceutical products

The Group's shareholdings in the associates all comprise equity shares held by the Company, except for Nterica, the shareholding in which is held through a wholly-owned subsidiary of the Company, Mabwell U.S.

* In September 2024, Mabwell U.S. increased its investment in Nterica by US$499,999.81, and the equity interests held by Mabwell U.S. increased to 36.08%. In February 2025, Mabwell U.S. increased its investment in Nterica by US$500,000.00, and the equity interests held by Mabwell U.S. increased to 39.22%.

** During the Relevant Periods, the Company held 12.50% equity interests in Chongqing Bochuang. According to the Shareholder Agreement, one out of three directors of Chongqing Bochuang is appointed by the Group. Therefore, this company is accounted for as an associate of the Group.

*** During the Relevant Periods, the Company held 3.98% equity interests in Zhilan. According to the Shareholder Agreement, one out of five directors of Zhilan is appointed by the Group. Therefore, this company is accounted for as an associate of the Group.

**** During the Relevant Periods, the Company held 29.75% equity interests in Sinusai. According to the Shareholder Agreement, one out of three directors of Sinusai is appointed by the Group. Therefore, this company is accounted for as an associate of the Group.

The following table illustrates the aggregate financial information of the Group's and the Company's associates that are not individually material:

The Group

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Share of the associates' loss and total comprehensive loss for the year	(7,058)	(10,562)
Aggregate carrying amount of the Group's investments in the associates	46,658	91,137

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Share of the associates' loss and total comprehensive loss for the year	(2,271)	(9,316)
Aggregate carrying amount of the Company's investments in the associates	29,384	71,959

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Investment cost	1,540,988	1,940,997

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Derivative financial assets	–	4,037
Current:		
Wealth management products	3,773	–

Derivative financial assets mainly comprise the preferred liquidation rights of RMB1,286,000 and RMB2,751,000 embedded in the investment terms of its associates, Zhilan and Sinusai, respectively.

The fair value evaluation methods of derivative financial assets are presented in Note 37.

The wealth management products are purchased from creditworthy commercial banks in Chinese mainland. They were mandatorily classified as financial assets measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The fair values of wealth management products are based on cash flows discounted using the expected yield rate and are within Level 2 of the fair value hierarchy.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Derivative financial assets	–	4,037

20. INVENTORIES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Raw materials	87,393	57,059
Work in progress	104,092	103,677
Finished goods	20,197	27,161
Total	211,682	187,897

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Finished goods	–	1,153
Raw materials	38,916	31,302
Total	38,916	32,455

21. TRADE RECEIVABLES

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	38,401	100,884
Impairment	(57)	(1,095)
Net carrying amount	38,344	99,789

The Group's trading terms with its customers are mainly payment within 30 to 120 days from delivery. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	38,344	99,789

An impairment analysis is performed at the end of the Relevant Periods using a provision matrix to measure expected credit losses. The Group uses the simplified method to calculate the credit impairment losses on trade receivables. Management's estimate of the expected loss rate is based on the historical loss rate and adjusts for forward looking macroeconomic data.

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	32	57
Impairment losses, net	25	1,038
At end of year	57	1,095

Set out below is the information about the credit risk exposure on the Group's trade receivables as at the end of the Relevant Periods using a provision matrix:

	Expected credit loss rate	Gross carrying amounts	Expected credit losses
		RMB'000	*RMB'000*
31 December 2024			
Less than 1 year	0.15%	38,401	57
31 December 2025			
Less than 1 year	1.09%	100,884	1,095

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Trade receivables	1,126	39,581
Impairment	(5)	(35)
Net carrying amount	1,121	39,546

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	1,121	39,546

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
At beginning of year	–	5
Impairment losses, net	5	30
At end of year	5	35

Set out below is the information about the credit risk exposure on the Company's trade receivables as at the end of the Relevant Periods using a provision matrix:

	Expected credit loss rate	Gross carrying amounts	Expected credit losses
		RMB'000	*RMB'000*
31 December 2024			
Less than 1 year	0.44%	1,126	5
31 December 2025			
Less than 1 year	0.09%	39,581	35

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayments	33,421	7,417
Deposits and other receivables	10,000	8,362
Deductible value-added tax	149,336	164,874
Total – non-current	192,757	180,653
Current:		
Prepayments	72,412	21,430
Financial assets measured at amortised cost*	35,872	–
Deductible value-added tax	33,068	41,958
Deposits and other receivables	105,689	125,379
Deferred listing expenses	17,323	33,699
Others	35	2,243
Total – current	264,399	224,709
Impairment allowance	(5,645)	(2,082)
Total	258,754	222,627

* On 31 October 2024, the Group purchased a US Treasuries from a financial service company in the USA to preserve capital and liquidity. The US Treasury bond was matured on 14 January 2025. The returns on this investment are fixed at 4.58%.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at the end of the Relevant Periods using a provision matrix:

	Expected credit loss rate	Gross carrying amounts	Expected credit losses
		RMB'000	*RMB'000*
31 December 2024			
12-month ECLs (Stage 1)	5.34%	105,689	5,645
31 December 2025			
12-month ECLs (Stage 1)	1.66%	125,379	2,082

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Non-current:		
Prepayments	2,381	534
Deductible value-added tax	26,678	61,676
Total – non-current	29,059	62,210
Current:		
Prepayments	12,599	10,215
Deductible value-added tax	12,103	37,179
Deposits and other receivables	3,892	57,291
Deferred listing expenses	17,323	33,699
Total – current	45,917	138,384
Impairment allowance	–	(850)
Total	45,917	137,534

The balances are interest-free and are not secured with collateral, except for the financial assets measured at amortised cost above.

Deposits mainly represent rental deposits and deposits with suppliers. At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	1,191,894	1,526,571
Financial assets measured at amortised cost*	35,872	–
	1,227,766	1,526,571
Less: Interest receivable	200	232
Cash and cash equivalents	1,227,566	1,526,339

* Financial assets measured at amortised cost is U.S. Treasury bonds purchased by the Group on 31 October 2024, with maturities of less than three months (specifically maturing on 14 January 2025).

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Cash and bank balances	631,166	737,309
Less: Interest receivable	137	147
Cash and cash equivalents	631,029	737,162

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.

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.

24. TRADE PAYABLES

The Group

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

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	100,234	197,097

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Within 1 year	84,023	165,836

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 180 days.

25. OTHER PAYABLES AND ACCRUALS

The Group

		As at 31 December	
	Notes	2024	2025
		RMB'000	*RMB'000*
Non-current:			
Deferred government grants		27,074	28,213
Other accruals		1,529	1,035
Contract liabilities	*(b)*	–	20,972
Other payables	*(a)*	–	51,907
Total – non-current		28,603	102,127
Current:			
Payable for property, plant and equipment	*(c)*	169,218	130,778
Payroll payable		74,787	88,641
Other tax payable		40,524	18,947
Contract liabilities		36,010	288,593
Other payables	*(a)*	38,792	147,884
Accrued listing expenses		12,175	5,964
Total – current		371,506	680,807
Total		400,109	782,934

The Company

	Notes	As at 31 December	
		2024	2025
		RMB'000	RMB'000
Non-current:			
Deferred government grants		1,548	2,050
Other accruals		1,105	930
Total – non-current		2,653	2,980
Current:			
Payable for property, plant and equipment		9,445	5,413
Payroll payable		41,349	49,289
Other tax payable		8,719	9,739
Contract liabilities	*(b)*	34,169	280,551
Other payables		8,084	13,484
Accrued listing expenses		12,175	5,964
Total – current		113,941	364,440
Total		116,594	367,420

Notes:

(a) On 28 March 2025, Langrun Mabwell, a subsidiary of the Company, signed a finance lease agreement with a third party financial institution by sale-leaseback. The interest rate is 4.7%. As at 31 December 2025, the carrying amounts of the pledged plant and machinery was RMB123,930,000 under this agreement.

On 26 September 2025, Langrun Mabwell, a subsidiary of the Company, signed a finance lease agreement with a third party financial institution by sale-leaseback. The interest rate is 4.9%. As at 31 December 2025, the carrying amounts of the pledged plant and machinery was RMB103,396,000 under this agreement.

As at 31 December 2024 and 2025, the carrying amounts of other payables under those finance lease agreements were nil and RMB151,696,000, respectively.

Other payables excluding those mentioned above are non-interest-bearing and have an average term of three months.

(b) Details of contract liabilities are as follows:

The Group

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Sales rebates	1,262	1,915
Advance contract payments	34,748	307,650
Total	36,010	309,565

The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Advance contract payments	34,169	280,551
Total	34,169	280,551

Contract liabilities include advances received for sales of pharmaceutical products and for out-licensing agreement.

(c) Payable for property, plant and equipment are non-interest-bearing and have an average term of three months.

26. DERIVATIVE FINANCIAL LIABILITIES

The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities measured at fair value through profit or loss		
Derivative Financial Liabilities	3,097	2,682

27. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current		
Bank loans – credit	891,574	1,146,671
Bank loans – pledge *(note (i))*	30,027	–
Current portion of long-term bank loans – credit	112,786	128,172
Current portion of long-term bank loans – mortgage *(note (ii))*	866	52,755
Total – current	1,035,253	1,327,598
Non-current		
Bank loans – credit	124,929	118,395
Bank loans – mortgage *(note (ii))*	881,517	829,635
Total – non-current	1,006,446	948,030
Total	2,041,699	2,275,628

The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December			
	2024		2025	
	Effective interest rate	Maturity	Effective interest rate	Maturity
	(%)		*(%)*	
Bank loans – credit	2.95-4.90	2025-2027	1.95-4.50	2026-2028
Bank loans – pledge	2.95	2025	–	–
Bank loans – mortgage	3.37-3.90	2025-2034	2.92-4.00	2026-2033

The carrying amounts of borrowings denominated in the following currency are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
RMB	2,041,699	2,275,628

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Fixed interest rate	1,064,516	1,146,838
Variable interest rate	977,183	1,128,790
Total	2,041,699	2,275,628

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Analysed into bank loans:		
Within one year or on demand	1,035,253	1,327,598
In the second year	152,436	157,247
In the third to fifth years, inclusive	281,809	320,371
Beyond five years	572,201	470,412
Total	2,041,699	2,275,628

Notes:

(i) The Company and the Group's bank loan amounting to RMB30,027,000 are secured by the pledge over the Company's self-developed patent in 2024.

(ii) Certain of the Group's bank loans are secured by:

a) mortgages over the Group's buildings and equipment, which had an aggregate carrying value of RMB1,002,210,000 and RMB926,105,000 at the end of the Relevant Periods, respectively.

b) mortgages over the Group's construction in progress, which had an aggregate carrying value of RMB231,479,000 and RMB296,555,000 at the end of the Relevant Periods, respectively.

c) mortgages over the Group's land, which had an aggregate carrying value of RMB116,781,000 and RMB114,086,000 at the end of the Relevant Periods, respectively.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Current		
Bank loans – credit	767,512	939,701
Bank loans – pledge	30,027	–
Current portion of long-term bank loans – credit	111,314	103,033
Total – current	908,853	1,042,734
Non-current		
Bank loans – credit	75,867	64,770
Total – non-current	75,867	64,770
Total	984,720	1,107,504

The effective interest rates and maturities of the borrowings are as follows:

	As at 31 December			
	2024		2025	
	Effective interest rate	Maturity	Effective interest rate	Maturity
	(%)		*(%)*	
Bank loans – credit	3.00-4.90	2025-2026	1.95-4.50	2026-2028
Bank loans – pledge	2.95	2025	–	–

The carrying amounts of borrowings denominated in the following currency are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
RMB	984,720	1,107,504

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Fixed interest rate	889,920	861,104
Variable interest rate	94,800	246,400
Total	984,720	1,107,504

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Analysed into bank loans:		
Within one year or on demand	908,853	1,042,734
In the second year	75,867	64,770
Total	984,720	1,107,504

28. REDEMPTION LIABILITIES ON NON-CONTROLLING SHARES IN A SUBSIDIARY

The Group

		As at 31 December	
	Note	2024	2025
		RMB'000	*RMB'000*
Redemption liabilities on non-controlling shares in a subsidiary			
Repurchase obligation	*(a)*	–	207,085

Note:

(a) On 27 June 2025, 重慶中新醫藥大健康私募股權投資基金合夥企業 (hereinafter referred to as the "Healthcare Fund") subscribed to a registered capital increase of RMB200 million in Mabwell Chongqing. According to the terms of the Shareholders' Agreement, the Healthcare Fund has the right to require one or more of T-mab Bio Pharm and Mabwell Bioscience (the "Repurchase Obligors") to purchase all or part of its equity in cash upon the triggering of a repurchase event. The carrying amount of the repurchase payment amount of RMB207,085,000 is recognised as financial liability and presented as "redemption liabilities on non-controlling shares in a subsidiary" in the consolidated statements of financial position.

29. CORPORATE BONDS

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Corporate bonds	–	395,824
Less: amounts classified as current liabilities	–	(2,869)
Amounts classified as non-current liabilities	–	392,955

On 15 October 2025, Mabwell (Shanghai) Bioscience Co., Ltd. issued corporate bonds (the "Bonds") with a total principal amount of RMB400,000,000 at par value. The Bonds bear interest at an annual rate of 3.4% payable annually. The Bonds will mature on October 16, 2027.

30. SHARE CAPITAL

Shares

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Issued and fully paid:		
ordinary shares with a par value of RMB1.00 each	399,600	399,600

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

	Number of shares	Share capital
		RMB'000
At 1 January 2024	399,600,000	399,600
At 31 December 2024 and 1 January 2025	399,600,000	399,600
At 31 December 2025	399,600,000	399,600

During the year ended 31 December 2025, the Group repurchased 1,192,369 treasury shares amounting to approximately RMB49,995,000, primarily to support the implementation of a future share incentive plan.

31. 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 pages I-6 to I-7 of the Historical Financial Information.

Capital reserve

The capital reserve of the Group represents mainly includes the difference between the par value of the shares issued and the consideration received by the Company, the exercise of restricted share units and the accumulated effects of the other equity transactions (i.e. recognition of the obligation to repurchase non-controlling interests, as detailed in note 28 and business combinations under common control).

Restricted shares and share option reserve

The restricted shares and share option reserve represents the reserve arising from share-based payment transactions, further details of which are included in note 32 to the Historical Financial Information.

The Company

	Capital reserve	Restricted shares reserve*	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	5,540,347	272,028	(2,291,436)	3,520,939
Loss for the year	–	–	(416,476)	(416,476)
Total comprehensive loss for the year	–	–	(416,476)	(416,476)
Exercise of restricted share units	300,390	(300,390)	–	–
Recognition of share-based payment expenses	–	28,362	–	28,362
At 31 December 2024 and 1 January 2025	5,840,737	–	(2,707,912)	3,132,825
Loss for the year	–	–	(1,067,671)	(1,067,671)
Total comprehensive loss for the year	–	–	(1,067,671)	(1,067,671)
Share repurchased	(7)	–	–	(7)
At 31 December 2025	5,840,730	–	(3,775,583)	2,065,147

32. SHARE-BASED PAYMENT TRANSACTIONS

(a) The Pre-IPO Equity Incentive Plan

In 2020, the shareholders' meeting passed a resolution to adopt a restricted share plan (the "Pre-IPO Equity Incentive Plan") for the purpose of attracting and retaining the best talents who contribute to the success of the Group's operations. Eligible participants of the Pre-IPO Equity Incentive Plan include certain directors of the Company and employees of the Group.

From June 2020 to November 2021, the grantees shall subscribe for partnership interests of the Employee Incentive Platforms as partners according to 28,170,300 shares granted at a grant of price RMB1 per share under the Pre-IPO Equity Incentive Plan as approved by the Board, and make the corresponding capital contributions in accordance with the arrangements of the Board, thereby holding indirect interests in the Shares.

The details of specific categories of restricted shares granted are as follows:

Date of grant	Number of shares granted	Exercise price per share	Fair value at grant date per share	Unlocking Period
		RMB	*RMB*	
June 2020	22,171,300	1.00	20.20	The restricted shares granted are unlocking in the parts of 20%, 20% and 60% on 31 March 2022, 2023 and 2024, subject to the performance condition to be fulfilled.
October 2020	500,000	1.00	20.21	
May 2021	1,200,000	1.00	20.36	
November 2021	4,299,000	1.00	21.16	
Total	28,170,300			

During the Relevant Periods, share-based payment compensation expenses of RMB28,362,000 and nil were charged to profit or loss in relation to the Pre-IPO Equity Incentive Plan.

Set out below are details of the movements of the restricted shares granted under the Pre-IPO Equity Incentive Plan during the Relevant Periods:

	Weighted average exercise price	Number of shares authorised
	RMB per share	*'000*
As at 1 January 2024	1.00	15,510
Unlocked during the year	1.00	(15,510)
As at 31 December 2024 and 2025	1.00	–

(b) Mabwell U.S. Equity Incentive Plan

In September 2023, the board of directors of Mabwell U.S. approved and adopted a share option scheme (the "Mabwell U.S. Equity Incentive Plan") for the purpose of provide incentives for such persons to exert maximum efforts for the success of the Group and had approved to issue 3,600,000 shares of Mabwell U.S. in which options with an exercise price of US$1.52 per share may be granted to nine employees under the scheme. Each option shall have a maximum term of ten years measured from the date of grant, subject to earlier termination following the optionee's cessation of service with Mabwell U.S.

During the Relevant Periods, details of the specific categories of option granted are as follows:

	Number of shares granted	Exercise price per share	Vesting Period
September 2023	345,000	US$1.52	25% of the options are vested on the first anniversary of the grant date, and the remaining portion of the options are vested in the following 36 successive equal monthly instalments.
September 2023	3,255,000	US$1.52	Fully vested on the grant date
Total	3,600,000		

The fair value of the share options granted for the year ended 31 December 2023 was US$3,001,000.

During the Relevant Periods, share-based payment compensation expenses of RMB454,000 and RMB110,000 were charged to profit or loss in relation to Mabwell U.S. Equity Incentive Plan.

Set out below are details of the movements of the share options granted under Mabwell U.S. Equity Incentive Plan during the Relevant Periods:

	Weighted average exercise price	Number of share options
	per share	*'000*
As at 1 January 2024	US$1.52	146
Vested during the year*	US$1.52	(74)
As at 31 December 2024 and 1 January 2025	US$1.52	72
Vested during the year*	US$1.52	(46)
As at 31 December 2025	US$1.52	26

* During the Relevant Periods, no share options under Mabwell U.S. Equity Incentive Plan have been exercised.

The fair value of share-based payment compensations granted in September 2023 was estimated as at the date of grant using binomial model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	As at grant dates
Expected volatility (%)	47.86
Risk-free interest rate (%)	4.55

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets of RMB9,708,000 and RMB2,538,000 and non-cash additions to lease liabilities of RMB9,708,000 and RMB2,538,000, respectively, in respect of lease arrangements for properties and equipment.

(b) Changes in liabilities arising from financing activities

	Bank loans	Loans from financial institutions*	Lease liabilities	Issue cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	1,098,573	–	194,070	–	1,292,643
Changes from financing cash flows:					
Addition	3,605,481	–	–	–	3,605,481
Repayment	(2,669,130)	–	–	–	(2,669,130)
Financial discount received	2,892	–	–	–	2,892
Interest paid	(66,112)	–	–	–	(66,112)
Payment	–	–	(35,973)	–	(35,973)
Listing expenses payment	–	–	–	(5,460)	(5,460)
Changes from non-cash transaction:					
Addition	–	–	9,708	–	9,708
Accretion of interest recognised during the year	69,995	–	7,655	–	77,650
Lease modification	–	–	(881)	–	(881)
Exchange rate fluctuation	–	–	(97)	–	(97)
Prepaid listing expenses	–	–	–	4	4
Listing expenses	–	–	–	2,613	2,613
Deferred listing expenses	–	–	–	17,323	17,323
Changes from operating cash flows:					
Listing expenses payment	–	–	–	(2,305)	(2,305)
At 31 December 2024 and 1 January 2025	2,041,699	–	174,482	12,175	2,228,356

	Bank loans	Loans from financial institutions*	Lease liabilities	Issue cost	Corporate bonds	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024 and 1 January 2025	2,041,699	–	174,482	12,175	–	2,228,356
Changes from financing cash flows:						
Addition	2,465,810	200,000	–	–	400,000	3,065,810
Repayment	(2,230,262)	(48,520)	–	–	–	(2,278,782)
Interest paid	(74,173)	(4,208)	–	–	–	(78,381)
Payment	–	–	(34,432)	–	(3,921)	(38,353)
Listing expenses payment	–	–	–	(23,367)	–	(23,367)
Changes from non-cash transaction:						
Addition	–	–	2,538	–	–	2,538
Accretion of interest recognised during the year	72,555	4,424	6,584	–	3,664	87,226
Lease disposal	–	–	(216)	–	–	(216)
Exchange rate fluctuation	–	–	(302)	–	–	(302)
Prepaid listing expenses	–	–	–	90	–	89
Reclassification	–	–	–	–	(3,919)	(3,919)
Listing expenses	–	–	–	857	–	857
Deferred listing expenses	–	–	–	16,376	–	16,376
Changes from operating cash flows:						
Listing expenses payment	–	–	–	(167)	–	(169)
At 31 December 2025	2,275,628	151,696	148,654	5,964	395,824	2,977,763

* The loans from financial institutions are included in other payables and accruals.

(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	
	2024	2025
	RMB'000	RMB'000
Within operating activities	3,139	4,241
Within financing activities	35,973	34,432
Total	39,112	38,673

34. COMMITMENTS

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

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Contracted, but not provided for:		
Property, plant and equipment	207,586	182,914
Investment in associates	8,000	7,500
Total	215,586	190,414

35. RELATED PARTY TRANSACTIONS

The controlling shareholders of the Group include, among others, Mr. Tang Chunshan and Ms. Chen Shanna.

Name of and relationship with related parties

Name	Relationship
上海施朗投資合夥企業(有限合夥) Shanghai Shilang Investment Partnership Enterprise (Limited Partnership) ("Shilang")	Controlled by the controlling shareholders
上海歌斐木生物醫藥科技有限公司 Shanghai Gefeimu Biomedical Technology Co., Ltd. ("Gefeimu")	Controlled by the controlling shareholders
思努賽生物科技(上海)有限責任公司 Sinusai Biotechnology (Shanghai) Co., Ltd ("Sinusai")	Influenced significantly by The Company
上海青玄生物科技有限公司 Shanghai Qingxuan Biotechnology LLC ("Qingxuan")	Controlled by the controlling shareholders
上海青潤醫藥科技有限公司 Shanghai Qingrun Pharmaceutical Technology Co. Ltd ("Qingrun")	Controlled by the controlling shareholders

(a) The Group had the following transactions with related parties during the Relevant Periods:

The Group

	Notes	Year ended 31 December 2024	2025
		RMB'000	RMB'000
Purchases of services	(i)		
Shilang		1,289	1,417
Qingrun		–	283
Total		1,289	1,700
Purchases of equipment	(ii)		
Qingxuan		–	121
Lease payment	(iii)		
Shilang		13,094	13,720
Gefeimu		1,620	202
Total		14,714	13,922

Notes:

(i) The purchases of services include receiving services for electricity services and technical services were made according to the prices and terms offered by the related parties with reference to the market price for the Relevant Periods.

(ii) The purchases of equipment include machinery and office equipment were made according to the prices and terms offered by the related parties with reference to the market price, used for research and development and administrative activities respectively.

(iii) The leases include the buildings rented were made according to the prices and terms offered by the related parties with reference to the market price for offices and laboratories use.

(b) Outstanding balances with related parties:

The Group

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Lease liabilities – current		
Shilang	11,133	11,637
Lease liabilities – non current		
Shilang	58,630	46,993
Due to related parties – current (trading nature)		
Sinusai	–	12,500
Shilang	108	152
Qingrun	–	283
Total	108	12,935

The balances with related parties are trade in nature.

The Company

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Due from subsidiaries – current (trading nature)		
Subsidiaries	625,781	389,083
Due from subsidiaries – current (non-trading nature)		
Subsidiaries	1,579,418	821,526
Due from subsidiaries – non current (trading nature)		
Subsidiaries	29,461	31,291
Advance to subsidiaries – current (trading nature)		
Subsidiaries	181,644	452,811
Due to subsidiaries (trading nature)		
Subsidiaries	9,764	193,580
Due to subsidiaries (non-trading nature)		
Subsidiary	86,350	176,056
Due to related parties – current (trading nature)		
Sinusai	–	12,500
Shilang	108	152
Qingrun	–	283
Total	108	12,935

All outstanding balances with related parties are unsecured and non-interest-bearing.

The Group and the company have assessed the expected loss rate for amounts due from the related parties by considering the financial position and credit history of the related party and assessed that the expected credit loss is minimal.

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

The Group

	Year ended 31 December	
	2024	2025
	RMB'000	*RMB'000*
Salaries, bonuses and allowances	27,117	24,459
Pension scheme contributions and social welfare	1,934	1,883
Share-based payment expenses	15,803	–
Total compensation paid to key management personnel	44,854	26,342

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial assets measured at fair value through profit or loss:		
Wealth management products	3,773	–
Derivative financial assets	–	4,037
Total	3,773	4,037
Financial assets measured at amortised cost:		
Trade receivables	38,344	99,789
Financial assets included in prepayments, other receivables and other assets	145,916	131,659
Restricted cash	733	1,718
Cash and bank balances	1,191,894	1,526,571
Total	1,376,887	1,759,737

Financial liabilities

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Financial liabilities measured at fair value through profit or loss:		
Derivative financial liabilities	3,097	2,682
Financial liabilities measured at amortised cost:		
Trade payables	100,234	197,097
Financial liabilities included in other payables and accruals	220,185	336,533
Redemption liabilities on non-controlling shares in a subsidiary	–	207,085
Interest-bearing bank borrowings	2,041,699	2,275,628
Due to related parties	108	12,935
Corporate bonds	–	395,824
Total	2,362,226	3,425,102

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

As at 31 December 2025

Financial liabilities/assets	Fair value hierarchy	Valuation technique	Unobservable inputs	Sensitivity of unobservable inputs to fair value
Derivative Financial Liabilities . . .	Level 3	Binomial model	Risk-free interest rate	1% increase/decrease would result in decrease/increase in fair value by 0.1%
			Volatility	1% increase/decrease would result in increase/decrease in fair value by 0.8%
			Probability of exercise	1% increase/decrease would result in increase/decrease in fair value by 1%
Derivative Financial Assets	Level 3	Market approach and income approach	Risk-free interest rate	1% increase/decrease would result in decrease/increase in fair value by 0.1%
			Volatility	1% increase/decrease would result in increase/decrease in fair value by 0.1%
			Probability of exercise	1% increase/decrease would result in increase/decrease in fair value by 9%

As at 31 December 2024

Financial liabilities	Fair value hierarchy	Valuation technique	Unobservable inputs	Sensitivity of unobservable inputs to fair value
Derivative Financial Liabilities	Level 3	Binomial model	Risk-free interest rate	1% increase/decrease would result in decrease/increase in fair value by 7%/8%
			Volatility	1% increase/decrease would result in increase/decrease in fair value by 2%
			Probability of exercise	1% increase/decrease would result in increase/decrease in fair value by 20%

Fair value hierarchy

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

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024				
Financial assets measured at fair value through profit or loss	–	3,773	–	3,773
As at 31 December 2025				
Financial assets measured at fair value through profit or loss	–	–	4,037	4,037

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024				
Derivative financial liabilities	–	–	3,097	3,097
As at 31 December 2025				
Derivative financial liabilities	–	–	2,682	2,682

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate. The Group mitigates the risk by monitoring closely the movements in interest rates and reviewing its banking facilities regularly.

The accrued interest amount of the Group's floating-rate bank loans is not material to the consolidated financial statements. Therefore, the exposure to market risk arising from fluctuations in interest rates is deemed to be low.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the Relevant Periods to a reasonably possible change in the RMB and US$ exchange rate, with all other variables held constant, of the Group's loss before tax.

	Increase/(decrease) in USD/RMB rate	Increase/(decrease) in profit after tax	Increase/(decrease) in equity
	%	*RMB'000*	*RMB'000*
As at 31 December 2025			
If the RMB weakens against the USD	10	19,699	19,699
If the RMB strengthens against the USD	10	(19,699)	(19,699)
As at 31 December 2024			
If the RMB weakens against the USD	10	2,401	2,401
If the RMB strengthens against the USD	10	(2,401)	(2,401)

Credit risk

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

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

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets – normal*	133,741	–	–	–	133,741
Trade receivables**	–	–	–	100,884	100,884
Restricted Cash	1,718	–	–	–	1,718
Cash and bank balances	1,526,571	–	–	–	1,526,571
Total	1,662,030	–	–	100,884	1,762,914

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets included in prepayments, other receivables and other assets – normal*	151,561	–	–	–	151,561
Trade receivables**	–	–	–	38,401	38,401
Restricted Cash	733	–	–	–	733
Cash and bank balances	1,191,894	–	–	–	1,191,894
Total	1,344,188	–	–	38,401	1,382,589

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

** For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There is no significant concentration of credit risk.

Liquidity risk

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

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

The Group

	As at 31 December 2025				
	Less than 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	197,097	–	–	–	197,097
Financial liabilities included in other payables and accruals	290,302	52,738	–	–	343,040
Interest-bearing bank borrowings	1,363,597	183,414	380,053	498,047	2,425,111
Derivative financial liabilities	2,682	–	–	–	2,682
Due to related parties	12,935	–	–	–	12,935
Corporate bonds	13,600	413,600	–	–	427,200
Redemption liabilities on non-controlling shares in a subsidiary	–	–	272,241	–	272,241
Lease liabilities	39,969	32,937	81,088	10,048	164,042
Total	1,920,182	682,689	733,382	508,095	3,844,348

Details of the description of Redemption liabilities on non-controlling shares in a subsidiary are presented in note 28.

	As at 31 December 2024				
	Less than 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	100,234	–	–	–	100,234
Financial liabilities included in other payables and accruals	220,185	–	–	–	220,185
Interest-bearing bank borrowings	1,076,553	184,802	357,951	622,668	2,241,974
Derivative financial liabilities	3,097	–	–	–	3,097
Due to related parties	108	–	–	–	108
Lease liabilities	37,464	34,881	87,009	36,398	195,752
Total	1,437,641	219,683	444,960	659,066	2,761,350

Capital management

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

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

The asset-liability ratios as at the end of the Relevant Periods are as follows:

	As at 31 December	
	2024	2025
	RMB'000	*RMB'000*
Total assets	4,275,508	4,555,841
Total liabilities	2,719,729	4,022,839
Asset-liability ratios *(note)*	63.6%	88.3%

Note: The asset-liability ratios is calculated by dividing total liabilities by total assets and multiplying the product by 100%.

39. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events subsequent to the end of the Relevant Periods.

40. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.