



**ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TENNOR THERAPEUTICS (SUZHOU) LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED AND ABCI CAPITAL LIMITED**

**Introduction**

We report on the historical financial information of TenNor Therapeutics (Suzhou) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-50, which comprises the consolidated balance sheets as at 31 December 2023, 2024 and 2025, the balance sheets of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the "Track Record Period") 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-50 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 May 2026 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of 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 Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountant's 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 accountant's judgment, 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 accountant

considers internal control relevant to the entity's preparation of 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period 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 of Hong Kong Limited (the "Listing Rules") 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 29 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.



**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong, 14 May 2026

## **I HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

### **Preparation of Historical Financial Information**

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") ("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 COMPREHENSIVE LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Research and development expenses .....	5	(108,399)	(69,838)	(71,872)
Administrative expenses .....	5	(19,388)	(13,135)	(48,910)
Other income .....	7	4,519	4,938	1,746
Other gains – net .....	8	786	37	366
<b>Operating loss</b> .....		<b>(122,482)</b>	<b>(77,998)</b>	<b>(118,670)</b>
Finance income .....	9	474	250	664
Finance costs .....	9	(69,836)	(68,181)	(35,238)
Finance costs – net .....		(69,362)	(67,931)	(34,574)
<b>Loss before income tax</b> .....		<b>(191,844)</b>	<b>(145,929)</b>	<b>(153,244)</b>
Income tax expense .....	10	–	–	–
<b>Loss for the year attributable to the owners of the Company</b> .....		<b>(191,844)</b>	<b>(145,929)</b>	<b>(153,244)</b>
<b>Other comprehensive income/(loss):</b>				
<i>Items that may be reclassified subsequently to profit or loss</i> .....				
Exchange differences on translation .....		8	4	(15)
<b>Other comprehensive income/(loss) for the year, net of tax</b> .....		8	4	(15)
<b>Total comprehensive loss for the year attributable to the owners of the Company</b> .....		<b>(191,836)</b>	<b>(145,925)</b>	<b>(153,259)</b>
<b>Loss per share for the loss attributable to the owners of the Company</b>				
Basic and diluted loss per share (in RMB)....	11	(5.19)	(3.89)	(3.85)

## CONSOLIDATED BALANCE SHEETS

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	2,744	1,315	1,006
Intangible assets	14	25,422	25,320	25,401
Right-of-use assets	13	1,521	256	1,860
Other non-current assets	15	2,724	4,066	7,424
<b>Total non-current assets</b>		<u>32,411</u>	<u>30,957</u>	<u>35,691</u>
<b>Current assets</b>				
Prepayments, other receivables and other assets	18	5,531	4,111	7,580
Cash and cash equivalents	19	58,112	97,818	183,765
<b>Total current assets</b>		<u>63,643</u>	<u>101,929</u>	<u>191,345</u>
<b>Total assets</b>		<u>96,054</u>	<u>132,886</u>	<u>227,036</u>
<b>EQUITY</b>				
Paid-in capital	20	36,582	38,869	–
Share capital	21	–	–	43,473
Reserves	22	(795,491)	(936,917)	110,384
<b>Total (deficit)/equity</b>		<u>(758,909)</u>	<u>(898,048)</u>	<u>153,857</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	24	23,725	8,750	9,100
Lease liabilities	13	227	88	939
Redemption liabilities	28	–	931,501	–
Other non-current liabilities	25	1	25,000	25,000
<b>Total non-current liabilities</b>		<u>23,953</u>	<u>965,339</u>	<u>35,039</u>
<b>Current liabilities</b>				
Trade payables	26	22,956	15,989	7,975
Other payables and accruals	27	5,691	5,420	11,550
Borrowings	24	34,222	44,025	17,672
Lease liabilities	13	1,244	161	943
Redemption liabilities	28	766,897	–	–
<b>Total current liabilities</b>		<u>831,010</u>	<u>65,595</u>	<u>38,140</u>
<b>Net current (liabilities)/assets</b>		<u>(767,367)</u>	<u>36,334</u>	<u>153,205</u>
<b>Total liabilities</b>		<u>854,963</u>	<u>1,030,934</u>	<u>73,179</u>
<b>Total (deficit)/equity and liabilities</b>		<u>96,054</u>	<u>132,886</u>	<u>227,036</u>

## THE COMPANY BALANCE SHEETS

		As at 31 December		
		2023	2024	2025
Notes		RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
	Property, plant and equipment	12	2,744	1,306
	Intangible assets	14	25,422	25,320
	Right-of-use assets	13	1,521	221
	Investments in subsidiaries	34	647	50,647
	Other non-current assets	15	2,724	3,258
	<b>Total non-current assets</b>		<u>33,058</u>	<u>80,752</u>
<b>Current assets</b>				
	Trade receivables	34	–	1,496
	Prepayments, other receivables and other assets	18	5,708	3,870
	Cash and cash equivalents	19	57,764	52,545
	<b>Total current assets</b>		<u>63,472</u>	<u>56,415</u>
	<b>Total assets</b>		<u>96,530</u>	<u>137,167</u>
<b>EQUITY</b>				
	Paid-in capital	20	36,582	38,869
	Share capital	21	–	43,473
	Reserves	22	(795,014)	(932,116)
	<b>Total (deficit)/equity</b>		<u>(758,432)</u>	<u>180,094</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
	Borrowings	24	23,725	8,750
	Lease liabilities	13	227	72
	Redemption liabilities	28	–	931,501
	Other non-current liabilities	25	1	25,000
	<b>Total non-current liabilities</b>		<u>23,953</u>	<u>965,323</u>
<b>Current liabilities</b>				
	Trade payables	26	22,956	15,528
	Other payables and accruals	27	5,690	5,396
	Borrowings	24	34,222	44,025
	Lease liabilities	13	1,244	142
	Redemption liabilities	28	766,897	–
	<b>Total current liabilities</b>		<u>831,009</u>	<u>65,091</u>
	<b>Total liabilities</b>		<u>854,962</u>	<u>1,030,414</u>
	<b>Total (deficit)/equity and liabilities</b>		<u>96,530</u>	<u>137,167</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	Attributable to the owners of the Company		
		Paid-in capital	Reserves	Total deficit
		RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b> .....		<u>36,582</u>	<u>(613,478)</u>	<u>(576,896)</u>
<b>Comprehensive loss</b>				
Loss for the year .....	22	–	(191,844)	(191,844)
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation .....	22	–	8	8
<b>Transactions with owners in their capacity as owner:</b>				
Share-based compensation expense .....	23	–	9,823	9,823
<b>As at 31 December 2023</b> .....		<u>36,582</u>	<u>(795,491)</u>	<u>(758,909)</u>
<b>As at 1 January 2024</b> .....		<u>36,582</u>	<u>(795,491)</u>	<u>(758,909)</u>
<b>Comprehensive loss</b>				
Loss for the year .....	22	–	(145,929)	(145,929)
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss</i> .....				
Exchange differences on translation .....	22	–	4	4
<b>Transactions with owners in their capacity as owner:</b>				
Capital contributions from Series E1 Investors .	20, 22	2,287	94,207	96,494
Redemption liabilities from Series E1 Investors .....	28	–	(98,310)	(98,310)
Share-based compensation expense .....	23	–	8,602	8,602
<b>As at 31 December 2024</b> .....		<u>38,869</u>	<u>(936,917)</u>	<u>(898,048)</u>

		Attributable to the owners of the Company			
	<i>Notes</i>	<u>Paid-in capital</u>	<u>Share capital</u>	<u>Reserves</u>	<u>Total (deficit)/ equity</u>
		<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>As at 1 January 2025</b> .....		38,869	–	(936,917)	(898,048)
<b>Comprehensive loss</b>					
Loss for the year .....	22	–	–	(153,244)	(153,244)
<b>Other comprehensive loss</b>					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation .....	22	–	–	(15)	(15)
<b>Transactions with owners in their capacity as owner:</b>					
Capital contributions from Series E2 Investors .....	20, 22	2,331	–	95,657	97,988
Redemption liabilities from Series E2 Investors .....	28	–	–	(98,310)	(98,310)
Derecognition of redemption liabilities upon termination of special rights .....	28	–	–	1,063,567	1,063,567
Conversion into a joint stock company .....	20, 21	(41,200)	41,200	–	–
Capital contributions from Series E3 Investors .....	21, 22	–	2,273	102,565	104,838
Share-based compensation expense ..	23	–	–	36,842	36,842
Acquisition of a subsidiary .....	34	–	–	239	239
<b>As at 31 December 2025</b> .....		<u>–</u>	<u>43,473</u>	<u>110,384</u>	<u>153,857</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
<b>Cash flows from operating activities</b>				
Cash used in operations .....	30	(98,590)	(48,851)	(87,859)
Interest received .....		474	250	664
<b>Net cash outflow from operating activities .....</b>		<b>(98,116)</b>	<b>(48,601)</b>	<b>(87,195)</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment .....		(396)	(203)	(225)
Payments for intangible assets .....		(117)	-	(228)
Payments for financial assets at fair value through profit or loss .....		(312,000)	(15,000)	(231,000)
Proceeds from sale of property, plant and equipment....		-	6	-
Proceeds from acquisition of a subsidiary, net of cash paid .....		-	-	377
Proceeds from financial assets on maturity .....		382,000	15,000	231,000
Repayments of loan by a related party .....		-	-	2,062
Gains received on financial assets at fair value through profit or loss .....		894	12	514
<b>Net cash inflow/(outflow) from investing activities ...</b>		<b>70,381</b>	<b>(185)</b>	<b>2,500</b>
<b>Cash flows from financing activities</b>				
Proceeds from capital contributions.....	20, 21	4,862	98,310	203,620
Proceeds from borrowings .....		30,000	49,000	32,500
Payments of principal elements of lease liabilities .....		(1,333)	(938)	(940)
Repayments of borrowings.....		(26,445)	(54,155)	(58,475)
Interest paid .....		(2,358)	(1,904)	(1,510)
Payment of listing expenses .....		-	-	(3,766)
Payments of transaction costs related to capital contributions .....		-	(1,816)	(794)
<b>Net cash inflow from financing activities .....</b>		<b>4,726</b>	<b>88,497</b>	<b>170,635</b>
<b>Net (decrease)/increase in cash and cash equivalents ..</b>		<b>(23,009)</b>	<b>39,711</b>	<b>85,940</b>
Cash and cash equivalents at the beginning of year ....		81,134	58,112	97,818
Effect of foreign exchange rate changes on cash and cash equivalents .....		(13)	(5)	7
<b>Cash and cash equivalents at the end of year .....</b>		<b>58,112</b>	<b>97,818</b>	<b>183,765</b>

## II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 GENERAL INFORMATION

TenNor Therapeutics (Suzhou) Limited (the “Company”) was incorporated in Suzhou city, Jiangsu province of the People’s Republic of China (the “PRC”) on 25 February 2013. The address of the Company’s registered office is Room 701, Building B7, Bio Nano Park, No. 218 Xinghu Street, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC.

The Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from “TenNor Therapeutics (Suzhou) Limited (丹諾醫藥(蘇州)有限公司)” to “TenNor Therapeutics (Suzhou) Limited (丹諾醫藥(蘇州)股份有限公司)” on 27 June 2025.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the research and development as well as commercialization of differentiated therapies to address unmet medical needs in disease areas associated with bacterial infections and bacterial metabolism.

### 2 BASIS OF PREPARATION AND NEW OR AMENDED STANDARDS OR INTERPRETATIONS

#### 2.1 Basis of preparation

The Historical Financial Information of the Company has been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

The Historical Financial Information have been prepared under the historical cost basis, except for financial assets measured at fair value through profit or loss (“FVPL”).

The preparation of the Historical Financial Information in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

Other than those material accounting policies information as disclosed in the notes to the relevant financial line items or transactions in the Historical Financial Information, a summary of the other accounting policies information has been set out in Note 37 to the Historical Financial Information.

#### 2.2 New or amended standards or interpretations

All effective standards, amendments to standards and interpretations, which are mandatorily effective for the financial year beginning on 1 January 2025, are consistently applied to the Group for the Track Record Period.

New Standards, amendments to standards and interpretations that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards, amendments to standards and interpretations	Key requirements	Effective for the financial year beginning on or after
Amendments to HKFRS 9 and HKFRS 7 . . .	Amendments to the classification and measurement of financial instruments, Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11 . . . .	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18 . . . . .	Presentation and disclosure in financial statements	1 January 2027
Amendments to HKAS 21 . . . . .	Translation to a Hyperinflationary Presentation Currency	1 January 2027
HKFRS 19 and its amendments . . . . .	Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5 . . . . .	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 . . . . .	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Company have performed assessment on the new standards, amendments to standards and interpretations, and have concluded on a preliminary basis that these new standards, amendments to standards and interpretations would not have a significant impact on the financial performance and positions of the Group when they become effective.

HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027. Management is currently assessing the implication of applying HKFRS 18, and preliminarily identified that the application of HKFRS 18 is expected to mainly affect on below items: i) Presentation of the statements of comprehensive loss: the major impact would be that the fair value gains on financial assets, currently presented in the line item “Other gains – net” within operating loss would be presented below operating loss in the

statements of comprehensive loss; ii) Cash flow classification: the interest received currently presented within operating activities would be classified as investing activities in the statements of cash flows; iii) Disclosure requirements: management-defined performance measures would be provided in the notes to the financial statements. Other than those, there would not be significant impact on the Group's financial positions and performance.

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the management of the Group.

##### 3.1.1 Market risk

###### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Company's functional currency is RMB. The Company's primary subsidiaries were incorporated in the PRC and considered RMB as their functional currency.

The Group operates mainly in the PRC. There are certain cash and bank balances, trade payables, other payables and redemption liabilities denominated in a currency that is not the functional currency of the Company or the Company's subsidiaries. The Group constantly reviews the economic situation and its foreign exchange risk profile, and considers appropriate hedging measures, as may be necessary.

The Group is primarily exposed to changes in United States Dollar ("USD")/RMB. As at 31 December 2023, 2024 and 2025, if USD had strengthened/weakened by 10% against RMB with all other variables held constant, loss before income tax for the year would have been approximately RMB19,234,000, RMB21,685,000 higher/lower and RMB332,000 lower/higher respectively, mainly due to certain redemption liabilities denominated in USD.

###### (ii) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets and liabilities, except for cash and cash equivalents (Note 19), lease liabilities (Note 13), borrowings (Note 24) and redemption liabilities (Note 28). Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The Group's interest-rate risk mainly arises from borrowings. As at 31 December 2023, 2024 and 2025, if the Group's interest rates on borrowings obtained at floating rates had been higher/lower by 1% with all other variables held constant, loss before income tax for the year would have been approximately RMB177,000, RMB85,000 and RMB50,000 higher/lower respectively.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

##### 3.1.2 Credit risk

Credit risk arises from cash and cash equivalents, non-current refundable deposits and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash and cash equivalents are mainly deposited with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

For non-current refundable deposits and other receivables, management has assessed that during the years ended 31 December 2023, 2024 and 2025, non-current refundable deposits and other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management.

To measure the expected credit losses, non-current refundable deposits and other receivables have been grouped based on shared credit risk characteristics and the days past due. As at 31 December 2023, 2024 and 2025, the Group has assessed that the expected loss rate for non-current refundable deposits and other receivables was immaterial. Thus no loss allowance provision for non-current refundable deposits and other receivables was recognised as at 31 December 2023, 2024 and 2025.

##### 3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents or have available facility through an adequate amount of available financing to meet its daily operating working capital.

The table below analyses the Group's non-derivative financial liabilities that will be settled into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>As at 31 December 2025</b>				
Borrowings (including interest payables) . . . . .	18,118	9,261	–	27,379
Trade payables ( <i>Note 26</i> ) . . . . .	7,975	–	–	7,975
Other payables and accruals (excluding payroll and welfare payables and other taxes payables) . . . . .	4,356	–	–	4,356
Lease liabilities . . . . .	996	907	52	1,955
	<u>31,445</u>	<u>10,168</u>	<u>52</u>	<u>41,665</u>
<b>As at 31 December 2024</b>				
Borrowings (including interest payables) . . . . .	45,143	8,780	–	53,923
Trade payables ( <i>Note 26</i> ) . . . . .	15,989	–	–	15,989
Other payables and accruals (excluding payroll and welfare payables and other taxes payables) . . . . .	742	–	–	742
Lease liabilities . . . . .	168	89	–	257
Redemption liabilities . . . . .	–	1,100,618	–	1,100,618
	<u>62,042</u>	<u>1,109,487</u>	<u>–</u>	<u>1,171,529</u>
<b>As at 31 December 2023</b>				
Borrowings (including interest payables) . . . . .	35,674	15,893	8,530	60,097
Trade payables ( <i>Note 26</i> ) . . . . .	22,956	–	–	22,956
Other payables and accruals (excluding payroll and welfare payables and other taxes payables) . . . . .	1,792	–	–	1,792
Lease liabilities . . . . .	1,286	240	61	1,587
Redemption liabilities . . . . .	798,811	–	–	798,811
	<u>860,519</u>	<u>16,133</u>	<u>8,591</u>	<u>885,243</u>

### 3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, issue new shares or sell assets to reduce debt.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued paid-in capital. In the opinion of the directors of the Company, the Group's capital risk is low.

As at 31 December 2023, 2024 and 2025, the liability-to-asset ratios were as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Total liabilities . . . . .	854,963	1,030,934	73,179
Total assets . . . . .	96,054	132,886	227,036
Liability-to-asset ratio . . . . .	<u>890.09%</u>	<u>775.80%</u>	<u>32.23%</u>

The liability-to-asset ratio during the Track Record Period decreased mainly due to derecognition of redemption liabilities upon termination of special rights (Note 28) and additional capital contributions from investors (Note 20, 21).

### 3.3 Fair value estimation

#### (i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.
- Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 for fair value measurements during the Track Record Period.

#### (ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments mainly include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as Monte Carlo Simulation, used to determine fair value for the remaining financial instruments.

There were no changes in valuation techniques during the Track Record Period.

#### (iii) Fair value measurements using significant unobservable inputs (level 3)

As at 31 December 2023, 2024 and 2025, there is no balance of financial assets at FVPL held by the Group.

The following table presents the changes in level 3 items for the years ended 31 December 2023, 2024 and 2025:

	<u>Financial assets at FVPL</u>
	<i>RMB '000</i>
As at 1 January 2023 . . . . .	70,125
Acquisitions . . . . .	312,000
Disposals . . . . .	(382,844)
Fair value changes . . . . .	719
<b>As at 31 December 2023 . . . . .</b>	<b>–</b>
As at 1 January 2024 . . . . .	–
Acquisitions . . . . .	15,000
Disposals . . . . .	(15,011)
Fair value changes . . . . .	11
<b>As at 31 December 2024 . . . . .</b>	<b>–</b>
As at 1 January 2025 . . . . .	–
Acquisitions . . . . .	231,000
Disposals . . . . .	(231,485)
Fair value changes . . . . .	485
<b>As at 31 December 2025 . . . . .</b>	<b>–</b>

8. The changes of financial assets at FVPL for the years ended 31 December 2023, 2024 and 2025 have been presented in Note

#### (iv) Valuation processes

The Group's finance team manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the relevant instruments on a case-by-case basis. At least once a year, the team uses valuation techniques to determine the fair value of the Group's level 3 instruments. External valuers will be involved when necessary.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

##### (i) Recognition of share-based compensation expenses

As disclosed in Note 23, the Company has adopted employee incentive plans and these transactions resulted in the recognition of share-based compensation expenses. The Group measured the fair value of Restricted Share Unit ("RSU") by reference to the Company's underlying equity value at the grant or transfer date. At the end of each reporting period, the Group reassesses estimated number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in consolidated statements of comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based compensation reserve.

##### (ii) Impairment of Intangible assets

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained in-progress patent projects through purchase for the purpose of continuing the research and development work and commercialization of the related drug candidates, which are classified as intangible assets not ready for use.

An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs of disposal and value in use. Key parameters are disclosed in Note 14.

##### (iii) Accrual of research and development expenses

Research and development expenses primarily include costs related to clinical trials paid to contract research organisations, clinical site management operators and clinical trial centers. The estimate of accrual of research and development expenses is complex because billing terms under contracts often do not coincide with the timing of when the work is performed, which in turn requires estimates of outstanding obligations as of each balance sheet date. These estimates are based on several factors, including management's knowledge of the research and development programs and activities associated with timelines, invoicing date, and the provisions in the contracts.

##### (iv) Carrying amount of redemption liabilities

The carrying amount of the redemption liabilities measured at estimated contractual cash flows is determined using valuation techniques including discount cash flow method, back-solve method and the equity allocation model. Such valuation requires the Group to make estimates of the key parameters including the discount rate, risk-free interest rate, discount for lack of marketability and expected volatility, which are subject to uncertainty. Further details are included in Note 28 to the Historical Financial Information.

#### 5 EXPENSES BY NATURE

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Preclinical and clinical trial expenses . . . . .	82,471	39,748	24,520
Employee benefit expenses (Note 6) . . . . .	35,574	35,000	69,923
Depreciation and amortisation . . . . .	2,884	2,696	1,584
Professional services expenses . . . . .	1,833	1,548	2,362
Traveling expenses . . . . .	1,127	1,203	1,252
Office expenses . . . . .	641	333	671
Listing expenses . . . . .	–	–	17,647
Other expenses . . . . .	3,257	2,445	2,823
	<u>127,787</u>	<u>82,973</u>	<u>120,782</u>

6 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Wages and salaries . . . . .	19,629	19,186	23,844
Discretionary bonuses . . . . .	1,799	2,519	4,339
Share-based compensation expenses (Note 23) . . . . .	9,823	8,602	36,842
Social insurance (i) . . . . .	3,189	3,587	4,214
Other welfare for employees . . . . .	1,134	1,106	684
	<u>35,574</u>	<u>35,000</u>	<u>69,923</u>

(i) Social insurance

The employees of the Group participate in various government-sponsored defined contribution pension plans and various government supervised housing funds, medical insurance and other employee social insurance plan under which the Group and the employees are required to make monthly contributions to these plans at certain percentages of the employee's monthly salaries and wages subject to certain ceilings. During the years ended 31 December 2023, 2024 and 2025, the Group had no forfeited contributions under these plans which may be utilised by the Group to reduce its contributions for the current year. The Group has no other material obligation for the payment of retirement benefit associated with these schemes beyond the contributions described above.

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include nil, 1 and 1 director for the years ended 31 December 2023, 2024 and 2025, whose emoluments are reflected in the analysis shown in Note 33. The emoluments payable to the remaining individuals during the year are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Wages and salaries . . . . .	6,037	4,872	5,317
Discretionary bonuses . . . . .	667	810	1,098
Share-based compensation expenses . . . . .	5,922	5,254	15,414
Social insurance . . . . .	835	733	813
Other welfare for employees . . . . .	112	87	18
	<u>13,573</u>	<u>11,756</u>	<u>22,660</u>

The emoluments fell within the following bands:

Emolument bands	Year ended 31 December		
	2023	2024	2025
Hong Kong Dollar ("HKD") 2,500,001 to HKD3,000,000 . . . . .	3	2	–
HKD3,000,001 to HKD3,500,000 . . . . .	1	–	–
HKD3,500,001 to HKD4,000,000 . . . . .	1	2	–
HKD4,000,001 to HKD4,500,000 . . . . .	–	–	–
HKD4,500,001 to HKD5,000,000 . . . . .	–	–	–
HKD5,000,001 to HKD5,500,000 . . . . .	–	–	1
HKD5,500,001 to HKD6,000,000 . . . . .	–	–	–
HKD6,000,001 to HKD6,500,000 . . . . .	–	–	2
HKD6,500,001 to HKD7,000,000 . . . . .	–	–	–
HKD7,000,001 to HKD7,500,000 . . . . .	–	–	1
	<u>5</u>	<u>4</u>	<u>4</u>
	<u>=</u>	<u>=</u>	<u>=</u>

## 7 OTHER INCOME

A government grant is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received.

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Government grants . . . . .	4,444	4,938	1,746
Others . . . . .	75	—	—
	<u>4,519</u>	<u>4,938</u>	<u>1,746</u>

## 8 OTHER GAINS — NET

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Net fair value gains on financial assets at FVPL . . . . .	719	11	485
Others . . . . .	67	26	(119)
	<u>786</u>	<u>37</u>	<u>366</u>

## 9 FINANCE COSTS — NET

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Finance income</b>			
Finance income from bank deposits . . . . .	474	250	664
<b>Finance costs</b>			
Interest expenses on bank borrowings . . . . .	(2,261)	(1,853)	(1,398)
Interest expenses on lease liabilities . . . . .	(85)	(34)	(84)
Changes in carrying amount of redemption liabilities . . . . .	(67,490)	(66,294)	(33,756)
	<u>(69,836)</u>	<u>(68,181)</u>	<u>(35,238)</u>
Finance costs – net . . . . .	<u>(69,362)</u>	<u>(67,931)</u>	<u>(34,574)</u>

## 10 INCOME TAX EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Current income tax expense . . . . .	—	—	—
Deferred income tax expense . . . . .	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at each balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

The Group's principal applicable taxes and tax rates are as follows:

During the years ended 31 December 2023, 2024 and 2025, the enterprise income tax rate applicable to the Company and TenNor Therapeutics (Zhongshan) Limited (“TenNor Zhongshan”), subsidiaries of the Company, was 25%, and to TenNor Therapeutics Technology (Shanghai) Limited (“TenNor Shanghai”), subsidiaries of the Company, was 20%.

Pursuant to the Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax and Fee Policies With Respect to Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Cai Shui Announcement [2023] No. 12), TenNor Shanghai is qualified for a preferential income tax rate of 20% during the Track Record Period.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim an additional tax deduction amounting to 75% of the qualified research and development expenses incurred in determining its tax assessable profits for that year. Starting from March 2021, the additional deduction ratio increased to 100% for manufacturing industry. Starting from 1 October 2022, the additional deduction ratio was increased to 100% for other industries.

TenNor Therapeutics, Inc. (“TenNor US”), a direct subsidiary of the Company, incorporated in New Jersey, the United States of America (the “USA”) is subject to federal income tax at 21% and state and local income tax at 9% (an incentive tax rate of 6.5% or 7.5% is applied for corporations with entire net income not exceeding USD50,000 or USD100,000) where it has operation. TenNor US did not generate any taxable income for the Track Record Period, therefore no income tax expense was provided.

TenNor Therapeutics HK Limited (“TenNor HK”), an indirect subsidiary of the Company and limited company registered in Hong Kong, is subject to Hong Kong profits tax on its assessable profits generated from operations in Hong Kong at two-tiered profits tax rates, 8.25% for first 2 million HKD of assessable profits and 16.5% for assessable profits above 2 million HKD. TenNor HK did not generate any assessable profits for the Track Record Period, therefore no Hong Kong profits tax was provided.

The tax on the Group’s loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Loss before income tax	(191,844)	(145,929)	(153,244)
Income tax expenses calculated at statutory tax rate of 25% in Chinese Mainland	(47,961)	(36,482)	(38,311)
Effect of different tax rates available to different jurisdictions and preferential tax rates	57	882	41
Additional deduction of research and development expense	(24,512)	(13,899)	(8,729)
Expenses not deductible for tax purposes	16,942	16,634	8,516
Deductible temporary differences for which no deferred tax asset was recognised	2,946	2,151	9,362
Tax losses for which no deferred income tax asset was recognised	52,528	30,714	29,121
Income tax expense	—	—	—

  

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Expiry year			
2024	9,660	—	—
2025	10,036	10,036	10,036
2026	17,739	17,739	17,739
2027	30,967	30,967	30,967
2028	22,301	22,301	22,301
2029	46,270	54,897	54,897
2030	41,873	41,873	77,186
2031	105,806	105,806	105,806
2032	166,269	166,269	166,269
2033	209,515	209,515	209,515
2034	—	118,492	118,492
2035	—	—	81,271
2042	55	55	55
2043	351	351	351
2044	—	106	106
	660,842	778,407	894,991

Deductible tax losses of TenNor HK have no expiry date.

## 11 LOSS PER SHARE

### (i) Basic loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to the owners of the Company by weighted average number of ordinary shares for the purpose of basic loss per share during the Track Record Period.

	Year ended 31 December		
	2023	2024	2025
Loss attributable to the owners of the Company (RMB'000) .	(191,844)	(145,929)	(153,244)
Weighted average number of ordinary shares for the purpose of basic loss per share (in thousands). . . . .	36,955	37,523	39,854
Basic loss per share (RMB). . . . .	<u>(5.19)</u>	<u>(3.89)</u>	<u>(3.85)</u>

On 27 June 2025, the Company was converted into a joint stock company with limited liability, 41,199,517 ordinary shares at RMB1.0 each were issued and allotted to the then owners of the Company in proportion to their paid-in capital to the Company on that day. This capitalisation of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the paid-in capital by the then owners and the number of ordinary shares.

### (ii) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares for the purpose of basic loss per share to assume conversion of all dilutive potential shares.

As the Group incurred loss for the years ended 31 December 2023, 2024 and 2025, the dilutive potential shares, namely the restricted share units (Note 23) and the redemption liabilities on capital contributions (Note 28) had an anti-dilutive effect on the basic loss per share amounts presented. Accordingly, diluted loss per share for the years ended 31 December 2023, 2024 and 2025 are the same as basic loss per share.

## 12 PROPERTY, PLANT AND EQUIPMENT

### Accounting policy for property, plant and equipment

#### (i) Recognition and subsequent measurement

Property, plant and equipment, comprising office equipment, transportation vehicles, electronic equipment, laboratory equipment and leasehold improvements are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the Track Record Period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	Estimated useful lives
Office equipment.....	5 years
Transportation vehicles.....	5 years
Electronic equipment . . . . .	2-3 years
Laboratory equipment . . . . .	3-5 years
Leasehold improvements.....	Estimated useful lives or remaining lease terms, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive loss.

(ii) Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

*The Group*

	Office equipment	Transportation vehicles	Electronic equipment	Laboratory equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b>						
Cost . . . . .	134	282	730	2,796	3,661	7,603
Accumulated depreciation . . . . .	(108)	(269)	(540)	(1,167)	(1,521)	(3,605)
Net book amount . . . . .	<u>26</u>	<u>13</u>	<u>190</u>	<u>1,629</u>	<u>2,140</u>	<u>3,998</u>
<b>Year ended 31 December 2023</b>						
Opening net book amount . . . . .	26	13	190	1,629	2,140	3,998
Additions . . . . .	–	–	86	112	150	348
Depreciation charge . . . . .	(4)	–	(84)	(336)	(1,178)	(1,602)
Closing net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>As at 31 December 2023</b>						
Cost . . . . .	134	282	816	2,908	3,811	7,951
Accumulated depreciation . . . . .	(112)	(269)	(624)	(1,503)	(2,699)	(5,207)
Net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>As at 1 January 2024</b>						
Cost . . . . .	134	282	816	2,908	3,811	7,951
Accumulated depreciation . . . . .	(112)	(269)	(624)	(1,503)	(2,699)	(5,207)
Net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>Year ended 31 December 2024</b>						
Opening net book amount . . . . .	22	13	192	1,405	1,112	2,744
Additions . . . . .	–	–	63	23	94	180
Disposals . . . . .	(5)	–	(2)	(13)	–	(20)
Depreciation charge . . . . .	(4)	–	(103)	(332)	(1,150)	(1,589)
Closing net book amount . . . . .	<u>13</u>	<u>13</u>	<u>150</u>	<u>1,083</u>	<u>56</u>	<u>1,315</u>
<b>As at 31 December 2024</b>						
Cost . . . . .	36	282	839	2,652	3,905	7,714
Accumulated depreciation . . . . .	(23)	(269)	(689)	(1,569)	(3,849)	(6,399)
Net book amount . . . . .	<u>13</u>	<u>13</u>	<u>150</u>	<u>1,083</u>	<u>56</u>	<u>1,315</u>
<b>As at 1 January 2025</b>						
Cost . . . . .	36	282	839	2,652	3,905	7,714
Accumulated depreciation . . . . .	(23)	(269)	(689)	(1,569)	(3,849)	(6,399)
Net book amount . . . . .	<u>13</u>	<u>13</u>	<u>150</u>	<u>1,083</u>	<u>56</u>	<u>1,315</u>
<b>Year ended 31 December 2025</b>						
Opening net book amount . . . . .	13	13	150	1,083	56	1,315
Additions . . . . .	–	–	187	12	–	199
Disposals . . . . .	–	–	(5)	(8)	–	(13)
Depreciation charge . . . . .	(4)	–	(100)	(335)	(56)	(495)
Closing net book amount . . . . .	<u>9</u>	<u>13</u>	<u>232</u>	<u>752</u>	<u>–</u>	<u>1,006</u>
<b>As at 31 December 2025</b>						
Cost . . . . .	36	282	845	2,598	3,905	7,666
Accumulated depreciation . . . . .	(27)	(269)	(613)	(1,846)	(3,905)	(6,660)
Net book amount . . . . .	<u>9</u>	<u>13</u>	<u>232</u>	<u>752</u>	<u>–</u>	<u>1,006</u>

Depreciation of the Group charged to consolidated statements of comprehensive loss is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Administrative expenses . . . . .	1,090	1,040	137
Research and development expenses . . . . .	512	549	358
	<u>1,602</u>	<u>1,589</u>	<u>495</u>

**The Company**

	Office equipment	Transportation vehicles	Electronic equipment	Laboratory equipment	Leasehold improvements	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>As at 1 January 2023</b>						
Cost . . . . .	134	282	730	2,796	3,661	7,603
Accumulated depreciation . . . . .	(108)	(269)	(540)	(1,167)	(1,521)	(3,605)
Net book amount . . . . .	<u>26</u>	<u>13</u>	<u>190</u>	<u>1,629</u>	<u>2,140</u>	<u>3,998</u>
<b>Year ended 31 December 2023</b>						
Opening net book amount . . . . .	26	13	190	1,629	2,140	3,998
Additions . . . . .	–	–	86	112	150	348
Depreciation charge . . . . .	(4)	–	(84)	(336)	(1,178)	(1,602)
Closing net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>As at 31 December 2023</b>						
Cost . . . . .	134	282	816	2,908	3,811	7,951
Accumulated depreciation . . . . .	(112)	(269)	(624)	(1,503)	(2,699)	(5,207)
Net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>As at 1 January 2024</b>						
Cost . . . . .	134	282	816	2,908	3,811	7,951
Accumulated depreciation . . . . .	(112)	(269)	(624)	(1,503)	(2,699)	(5,207)
Net book amount . . . . .	<u>22</u>	<u>13</u>	<u>192</u>	<u>1,405</u>	<u>1,112</u>	<u>2,744</u>
<b>Year ended 31 December 2024</b>						
Opening net book amount . . . . .	22	13	192	1,405	1,112	2,744
Additions . . . . .	–	–	54	23	94	171
Disposals . . . . .	(5)	–	(2)	(13)	–	(20)
Depreciation charge . . . . .	(4)	–	(103)	(332)	(1,150)	(1,589)
Closing net book amount . . . . .	<u>13</u>	<u>13</u>	<u>141</u>	<u>1,083</u>	<u>56</u>	<u>1,306</u>
<b>As at 31 December 2024</b>						
Cost . . . . .	36	282	830	2,652	3,905	7,705
Accumulated depreciation . . . . .	(23)	(269)	(689)	(1,569)	(3,849)	(6,399)
Net book amount . . . . .	<u>13</u>	<u>13</u>	<u>141</u>	<u>1,083</u>	<u>56</u>	<u>1,306</u>
<b>As at 1 January 2025</b>						
Cost . . . . .	36	282	830	2,652	3,905	7,705
Accumulated depreciation . . . . .	(23)	(269)	(689)	(1,569)	(3,849)	(6,399)
Net book amount . . . . .	<u>13</u>	<u>13</u>	<u>141</u>	<u>1,083</u>	<u>56</u>	<u>1,306</u>
<b>Year ended 31 December 2025</b>						
Opening net book amount . . . . .	13	13	141	1,083	56	1,306
Additions . . . . .	–	–	187	12	–	199
Disposals . . . . .	–	–	(5)	(8)	–	(13)
Depreciation charge . . . . .	(4)	–	(97)	(335)	(56)	(492)
Closing net book amount . . . . .	<u>9</u>	<u>13</u>	<u>226</u>	<u>752</u>	<u>–</u>	<u>1,000</u>
<b>As at 31 December 2025</b>						
Cost . . . . .	36	282	836	2,598	3,905	7,657
Accumulated depreciation . . . . .	(27)	(269)	(610)	(1,846)	(3,905)	(6,657)
Net book amount . . . . .	<u>9</u>	<u>13</u>	<u>226</u>	<u>752</u>	<u>–</u>	<u>1,000</u>

### 13 LEASES

The Group has lease contracts for various items of offices and laboratory and electronic equipment used in its operations. Leases of offices and laboratory and electronic equipment generally have lease terms between 2 and 3 years.

#### *The Group*

(i) Amounts recognised in the consolidated balance sheets:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Right-of-use assets</b>			
Offices and laboratory . . . . .	1,472	227	1,804
Electronic equipment . . . . .	49	29	56
	<u>1,521</u>	<u>256</u>	<u>1,860</u>
<b>Lease liabilities</b>			
Current . . . . .	1,244	161	943
Non-current . . . . .	227	88	939
	<u>1,471</u>	<u>249</u>	<u>1,882</u>

Additions to the right-of-use assets during the years ended 31 December 2023, 2024 and 2025 were approximately RMB275,000, RMB75,000 and RMB2,573,000 respectively.

(ii) Amounts recognised in the consolidated statement of comprehensive loss

The consolidated statements of comprehensive loss contain the following amounts relating to leases:

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Depreciation charge of right-to-use assets . . . . .			
Offices and laboratory . . . . .	1,174	989	954
Electronic equipment . . . . .	20	16	14
	<u>1,194</u>	<u>1,005</u>	<u>968</u>
Interest expenses . . . . .	85	34	84
Expenses relating to short-term leases (included in administrative expenses and research and development expenses) . . . . .	–	2	82
	<u>–</u>	<u>2</u>	<u>82</u>

The total cash outflow for leases for the years ended 31 December 2023, 2024 and 2025 were approximately RMB1,418,000, RMB974,000, and RMB1,106,000 respectively.

#### *The Company*

(i) Amounts recognised in the consolidated balance sheets:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Right-of-use assets</b>			
Offices and laboratory . . . . .	1,472	192	1,790
Electronic equipment . . . . .	49	29	56
	<u>1,521</u>	<u>221</u>	<u>1,846</u>
<b>Lease liabilities</b>			
Current . . . . .	1,244	142	928
Non-current . . . . .	227	72	939
	<u>1,471</u>	<u>214</u>	<u>1,867</u>

## 14 INTANGIBLE ASSETS

### Accounting policy for intangible assets

#### (i) Recognition and subsequent measurement

##### (a) Software

Computer software is recognised at historical cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The Group amortised on a straight-line basis over their estimated useful lives of 3-10 years.

##### (b) In-progress patent projects

In-progress patent projects comprised of TNP-2092 and TNP-2198 related patent projects purchased from the former holding company of the Company, TenNor Therapeutics Limited (“TenNor Therapeutics”), at a consideration of USD3,925,000, equivalent to approximately RMB25,141,000, in September 2021.

In-progress patent projects are amortised on the straight-line basis over their estimated useful lives from the time when they are ready for their intended use.

##### (c) Research and development

The Group incurs significant costs and efforts on research and development activities. Research expenditures are charged to the profit or loss as an expense in the period the expenditures are incurred. Development costs are recognised as assets if they can be directly attributable to a newly developed drug candidate and all the following can be demonstrated:

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset is the sum of the expenditures incurred from the date the asset meets the recognition criteria above to the date when it is available for use. The costs capitalised in connection with the intangible asset include costs of materials and services used or consumed, employee costs incurred in the creation of the asset and an appropriate portion of relevant overheads. The Group generally considers capitalisation criteria for internally generated intangible assets is met when obtaining regulatory approval of new drug license.

Capitalised development expenditures are amortised using a straight-line method over the life of the related drug candidates. Amortisation shall begin when the asset is available for use. Subsequent to initial recognition, internally generated intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses (if any).

Development expenditures not satisfying the above criteria are recognised in the profit or loss as incurred and development expenditures previously recognised as an expense are not recognised as an asset in a subsequent period.

#### (ii) Impairment

Intangible assets that have an indefinite useful life or not yet available for their intended use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

*The Group and the Company*

	In-progress patent projects	Software	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>As at 1 January 2023</b>			
Cost . . . . .	25,141	338	25,479
Accumulated amortisation . . . . .	–	(73)	(73)
Net book amount . . . . .	<u>25,141</u>	<u>265</u>	<u>25,406</u>
<b>Year ended 31 December 2023</b>			
Opening net book amount . . . . .	25,141	265	25,406
Additions . . . . .	–	104	104
Amortisation charge . . . . .	–	(88)	(88)
Closing net book amount . . . . .	<u>25,141</u>	<u>281</u>	<u>25,422</u>
<b>As at 31 December 2023</b>			
Cost . . . . .	25,141	442	25,583
Accumulated amortisation . . . . .	–	(161)	(161)
Net book amount . . . . .	<u>25,141</u>	<u>281</u>	<u>25,422</u>
<b>Year ended 31 December 2024</b>			
Opening net book amount . . . . .	25,141	281	25,422
Amortisation charge . . . . .	–	(102)	(102)
Closing net book amount . . . . .	<u>25,141</u>	<u>179</u>	<u>25,320</u>
<b>As at 31 December 2024</b>			
Cost . . . . .	25,141	442	25,583
Accumulated amortisation . . . . .	–	(263)	(263)
Net book amount . . . . .	<u>25,141</u>	<u>179</u>	<u>25,320</u>
<b>Year ended 31 December 2025</b>			
Opening net book amount . . . . .	25,141	179	25,320
Additions . . . . .	–	202	202
Amortisation charge . . . . .	–	(121)	(121)
Closing net book amount . . . . .	<u>25,141</u>	<u>260</u>	<u>25,401</u>
<b>As at 31 December 2025</b>			
Cost . . . . .	25,141	644	25,785
Accumulated amortisation . . . . .	–	(384)	(384)
Net book amount . . . . .	<u>25,141</u>	<u>260</u>	<u>25,401</u>

The intangible assets related to three in-progress patent projects which are not ready for use and the Group is continuing research and development work of the related drug candidates derived from three in-progress patent projects. The impairment tests were performed for the intangible assets related to the three in-progress patent projects on a drug candidate level by engaging an independent valuer to estimate fair value less cost to sell as the recoverable amount of each drug candidate. The fair values were based on the multi-period excess earning method plus decision tree model and the Group estimated the forecast of profit for each drug candidate based on the timing of clinical development and regulatory approval, commercial ramp up to reach expected peak revenue potential, and the length of exclusivity. The discount rates used are post-tax and reflected specific risks relating to each drug candidate.

The level of fair value hierarchy within the fair value measurements is categorised at level 3. The key parameters used for recoverable amount calculations are as below:

TNP-2198	As at 31 December		
	2023	2024	2025
Post-tax discount rate . . . . .	14.90%	14.00%	14.20%
Revenue growth rate . . . . .	9.18% to 335.02%	9.18% to 335.02%	6.22% to 406.68%
Recoverable amount (in RMB'000) . . . . .	<u>376,000</u>	<u>574,000</u>	<u>646,000</u>

**TNP-2092-Injection**

	As at 31 December		
	2023	2024	2025
Post-tax discount rate . . . . .	14.90%	14.00%	14.20%
Revenue growth rate . . . . .	9.56% to 160.55%	9.56% to 160.55%	18.28% to 1,740.68%
Recoverable amount (in RMB'000) . . . . .	<u>493,000</u>	<u>991,000</u>	<u>699,000</u>

**TNP-2092-Oral**

	As at 31 December		
	2023	2024	2025
Post-tax discount rate . . . . .	14.90%	14.00%	14.20%
Revenue growth rate . . . . .	10.59% to 491.72%	10.59% to 491.72%	10.66% to 481.44%
Recoverable amount (in RMB'000) . . . . .	<u>561,000</u>	<u>687,000</u>	<u>712,000</u>

*Impairment test-sensitivity*

The Company performed sensitivity test by increasing 1 percentage point of post-tax discount rate or decreasing 5 percentage point of revenue growth rate, which management considers are the key parameters in determining the recoverable amount of each drug candidate, with all other variables held constant:

**TNP-2198**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom . . . . .	371,754	569,754	641,754
Impact by increasing post-tax discount rate . . . . .	(28,000)	(42,000)	(36,000)
Impact by decreasing revenue growth rate . . . . .	<u>(80,000)</u>	<u>(121,000)</u>	<u>(106,000)</u>

**TNP-2092-Injection**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom . . . . .	480,653	978,653	686,653
Impact by increasing post-tax discount rate . . . . .	(26,000)	(50,000)	(44,000)
Impact by decreasing revenue growth rate . . . . .	<u>(85,000)</u>	<u>(166,000)</u>	<u>(140,000)</u>

**TNP-2092-Oral**

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Headroom . . . . .	552,452	678,452	703,452
Impact by increasing post-tax discount rate . . . . .	(33,000)	(39,000)	(33,000)
Impact by decreasing revenue growth rate . . . . .	<u>(88,000)</u>	<u>(104,000)</u>	<u>(91,000)</u>

Considering there was still sufficient headroom based on the assessment, management believes that a reasonably possible change in any of the key parameters on which management has based its determination of each drug candidate's recoverable amount would not cause its carrying amount to exceed its recoverable amount. Based on the result of the above assessment, there was no impairment for the in-progress patent projects as at 31 December 2023, 2024 and 2025.

**15 OTHER NON-CURRENT ASSETS***The Group*

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Value-added tax recoverable . . . . .	2,404	3,190	6,551
Non-current refundable deposits . . . . .	<u>320</u>	<u>876</u>	<u>873</u>
	<u>2,724</u>	<u>4,066</u>	<u>7,424</u>

*The Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Value-added tax recoverable . . . . .	2,404	3,010	5,252
Non-current refundable deposits . . . . .	320	248	248
	<u>2,724</u>	<u>3,258</u>	<u>5,500</u>

**16 DEFERRED INCOME TAX ASSETS AND LIABILITIES**

*The Group*

Deferred tax assets are recognised to the extent of deferred tax liabilities and are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Deferred income tax assets</b>			
to be recovered within 12 months . . . . .	253	39	236
to be recovered after 12 months . . . . .	128	25	229
	<u>381</u>	<u>64</u>	<u>465</u>
Offset by deferred income tax liabilities . . . . .	(381)	(64)	(465)
Net deferred income tax assets . . . . .	<u>–</u>	<u>–</u>	<u>–</u>

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Deferred income tax liabilities</b>			
to be recovered within 12 months . . . . .	253	39	236
to be recovered after 12 months . . . . .	128	25	229
	<u>381</u>	<u>64</u>	<u>465</u>
Offset by deferred income tax assets . . . . .	(381)	(64)	(465)
Net deferred income tax liabilities . . . . .	<u>–</u>	<u>–</u>	<u>–</u>

Deferred income tax assets	Tax losses	Lease liabilities	Total
	RMB '000	RMB '000	RMB '000
As at 1 January 2023 . . . . .	9	632	641
Credited/(charged) to the consolidated statements of comprehensive loss . . . . .	4	(264)	(260)
As at 31 December 2023 and 1 January 2024 . . . . .	<u>13</u>	<u>368</u>	<u>381</u>
Charged to the consolidated statements of comprehensive loss . . . . .	(11)	(306)	(317)
As at 31 December 2024 and 1 January 2025 . . . . .	<u>2</u>	<u>62</u>	<u>64</u>
(Charged)/credited to the consolidated statements of comprehensive loss . . . . .	(2)	403	401
As at 31 December 2025 . . . . .	<u>–</u>	<u>465</u>	<u>465</u>

Deferred income tax liabilities	Fair value changes on financial assets at FVPL	Right-of-use assets	Total
	RMB '000	RMB '000	RMB '000
As at 1 January 2023 . . . . .	31	610	641
Credited to the consolidated statements of comprehensive loss . . . . .	(31)	(229)	(260)
As at 31 December 2023 and 1 January 2024 . . . . .	—	381	381
Credited to the consolidated statements of comprehensive loss . . . . .	—	(317)	(317)
As at 31 December 2024 and 1 January 2025 . . . . .	—	64	64
Charged to the consolidated statements of comprehensive loss . . . . .	—	401	401
As at 31 December 2025 . . . . .	—	465	465

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

The fair value of cash and cash equivalents, trade receivables, other receivables, other non-current assets (excluding value-added tax recoverable), other payables and accruals (excluding payroll and welfare payables and other taxes payables), current portion of borrowings and lease liabilities approximated their carrying amounts due to their short maturities or interest bearing. The fair value of non-current portion of borrowings and lease liabilities, non-current liabilities and redemption liabilities were assessed not to be significantly different from their carrying amounts by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

### *The Group*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents . . . . .	58,112	97,818	183,765
Other receivables . . . . .	2,309	2,774	7
Other non-current assets (excluding value-added tax recoverable) . . . . .	320	876	873
	<u>60,741</u>	<u>101,468</u>	<u>184,645</u>
<b>Financial liabilities at amortised cost</b>			
Borrowings . . . . .	57,947	52,775	26,772
Trade payables . . . . .	22,956	15,989	7,975
Accruals and other payables (excluding payroll and welfare payables and other taxes payables) . . . . .	1,792	742	4,356
Lease liabilities . . . . .	1,471	249	1,882
Redemption liabilities . . . . .	766,897	931,501	—
Other non-current liabilities . . . . .	1	25,000	25,000
	<u>851,064</u>	<u>1,026,256</u>	<u>65,985</u>

*The Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents . . . . .	57,764	52,545	59,251
Trade receivables . . . . .	–	–	1,496
Other receivables . . . . .	2,498	2,784	1
Other non-current assets (excluding value-added tax recoverable) . . . . .	320	248	248
	<u>60,582</u>	<u>55,577</u>	<u>60,996</u>
<b>Financial liabilities at amortised cost</b>			
Borrowings . . . . .	57,947	52,775	26,772
Trade payables . . . . .	22,956	15,528	6,598
Accruals and other payables (excluding payroll and welfare payables and other taxes payables) . . . . .	1,791	742	4,341
Lease liabilities . . . . .	1,471	214	1,867
Redemption liabilities . . . . .	766,897	931,501	–
Other non-current liabilities . . . . .	1	25,000	25,000
	<u>851,063</u>	<u>1,025,760</u>	<u>64,578</u>

**18 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

Prepayments mainly represent upfront cash payments made to testing companies. Prepayments to testing companies will be subsequently recorded as research and development expenses in accordance with the applicable performance requirements.

Prepayments are generally due for settlement within one year or less and therefore are all classified as current assets.

Other assets represent deferred listing expenses that are expected to deduct from equity in the future.

*The Group*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Prepayments</b>			
– to suppliers . . . . .	1,980	848	3,655
– to related parties (Note 32) . . . . .	1,242	489	152
	<u>3,222</u>	<u>1,337</u>	<u>3,807</u>
<b>Other receivables</b>			
– due from related parties (Note 32) . . . . .	2,265	2,306	7
– refundable deposits . . . . .	17	72	–
– others . . . . .	27	396	–
	<u>2,309</u>	<u>2,774</u>	<u>7</u>
Less: provision for impairment . . . . .	–	–	–
	<u>2,309</u>	<u>2,774</u>	<u>7</u>
Deferred listing expenses . . . . .	–	–	3,766
<b>Total</b> . . . . .	<u>5,531</u>	<u>4,111</u>	<u>7,580</u>

*The Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Prepayments</b>			
– to suppliers . . . . .	1,968	597	2,673
– to related parties . . . . .	1,242	489	152
	<u>3,210</u>	<u>1,086</u>	<u>2,825</u>
<b>Other receivables</b>			
– due from related parties . . . . .	2,265	2,302	–
– due from subsidiaries (i) . . . . .	1,807	1,816	2,052
– refundable deposits . . . . .	–	72	–
– others . . . . .	27	395	–
	<u>4,099</u>	<u>4,585</u>	<u>2,052</u>
Less: provision for impairment of amounts due from subsidiaries . . . . .	(1,601)	(1,801)	(2,051)
	<u>2,498</u>	<u>2,784</u>	<u>1</u>
Deferred listing expenses . . . . .	–	–	3,766
<b>Total</b> . . . . .	<u>5,708</u>	<u>3,870</u>	<u>6,592</u>

(i) Amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

19 CASH AND CASH EQUIVALENTS

*The Group*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Cash in bank and on hand (i) . . . . .	<u>58,112</u>	<u>97,818</u>	<u>183,765</u>

(i) All cash in bank are deposits with original maturity within 3 months. The Group earns interest on cash in bank.

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Cash in bank and on hand are denominated in:			
RMB . . . . .	57,799	97,605	183,571
USD . . . . .	313	213	194
	<u>58,112</u>	<u>97,818</u>	<u>183,765</u>

*The Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Cash in bank and on hand (i) . . . . .	<u>57,764</u>	<u>52,545</u>	<u>59,251</u>

(i) All cash in bank are deposits with original maturity within 3 months. The Company earns interest on cash in bank.

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Cash in bank and on hand are denominated in:			
RMB . . . . .	57,761	52,542	59,248
USD . . . . .	3	3	3
	<u>57,764</u>	<u>52,545</u>	<u>59,251</u>

## 20 PAID-IN CAPITAL

### *The Group and the Company*

	Registered capital in issue	Paid-in Capital
	USD	RMB '000
<b>As at 1 January 2023 and 31 December 2023 and 1 January 2024 . . . . .</b>	<u>5,660,398</u>	<u>36,582</u>
Capital contributions from Series E1 Investors (i) . . . . .	325,072	2,287
<b>As at 31 December 2024 and 1 January 2025 . . . . .</b>	<u>5,985,470</u>	<u>38,869</u>
Capital contributions from Series E2 Investors (i) . . . . .	325,072	2,331
Conversion into a joint stock limited company (ii) . . . . .	(6,310,542)	(41,200)
<b>As at 31 December 2025 . . . . .</b>	<u>—</u>	<u>—</u>

- (i) In September 2024, the Company entered into an investment agreement with several investors, pursuant to which total registered capital of USD975,215 (equivalent to approximately RMB6,367,000) of the Company was subscribed with a total consideration of approximately RMB294,930,000 in three equal installments.

The first tranche of capital contributions of approximately RMB98,310,000 were received by the Company in September and October 2024 upon satisfaction of the preconditions, with approximately USD325,072 (equivalent to RMB2,287,000) and approximately RMB94,207,000 (after deducting transaction cost of approximately RMB1,816,000) credited to the Company's paid-in capital and capital reserves, respectively (Note 22).

The second tranche of capital contributions of approximately RMB98,310,000 were received by the Company in February 2025 upon satisfaction of the preconditions, with USD325,072 (equivalent to approximately RMB2,331,000) and RMB95,657,000 (after deducting transaction cost of approximately RMB322,000) credited to the Company's paid-in capital and capital reserves, respectively (Note 22).

- (ii) Pursuant to the shareholders' resolutions dated 23 May 2025, the then existing owners of the Company approved the conversion of the Company into a joint stock company with limited liability with 41,199,517 shares in a par value of RMB1.0 each. The net assets of the Company as of 31 March 2025 were converted to 41,199,517 ordinary shares at RMB1.0 each and issued to the then owners of the Company in proportion to their paid-in capital to the Company on that day, with the remaining amount RMB43,674,000 converted into share premium.

## 21 SHARE CAPITAL

### *The Group and the Company*

	Number of shares	Share Capital
		RMB '000
<b>As at 1 January 2025 . . . . .</b>	—	—
Conversion into a joint stock limited company (Note 20(ii)) . . . . .	41,199,517	41,200
Capital contributions from Series E3 Investors (i) . . . . .	2,273,409	2,273
<b>As at 31 December 2025 . . . . .</b>	<u>43,472,926</u>	<u>43,473</u>

- (i) Refer to Note 20(i), the third tranche of capital contributions of approximately RMB98,310,000 were received by the Company in July 2025 upon satisfaction of the preconditions, with approximately RMB2,122,000 and RMB95,716,000 (after deducting transaction cost of approximately RMB472,000) credited to the Company's share capital and share premium, respectively.

Pursuant to the shareholders' resolutions dated 8 July 2025, the then existing shareholders of the Company approved the investment agreement with an investor, of which 151,114 shares at RMB1.0 each of the Company was subscribed for a total consideration of approximately RMB7,000,000 received in July 2025, with approximately RMB151,000 and RMB6,849,000 credited to the Company's share capital and share premium, respectively.

## 22 RESERVES

*The Group*

	Translation reserve	Share-based compensation	Capital reserves	Share premium	Accumulated losses	Treasury stock	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
<b>As at 1 January 2023</b> . . . . .	47	152,191	372,536	–	(591,829)	(546,423)	(613,478)
Exchange differences on translation . . . . .	8	–	–	–	–	–	8
Share-based compensation ( <i>Note</i> <i>23</i> ) . . . . .	–	9,823	–	–	–	–	9,823
Loss for the year . . . . .	–	–	–	–	(191,844)	–	(191,844)
<b>As at 31 December 2023</b> . . . . .	<u>55</u>	<u>162,014</u>	<u>372,536</u>	<u>–</u>	<u>(783,673)</u>	<u>(546,423)</u>	<u>(795,491)</u>
<b>As at 1 January 2024</b> . . . . .	55	162,014	372,536	–	(783,673)	(546,423)	(795,491)
Capital contributions from Series E1 Investors . . . . .	–	–	94,207	–	–	–	94,207
Recognition of redemption liabilities of Series E1 Investors ( <i>i</i> ) . . . . .	–	–	–	–	–	(98,310)	(98,310)
Exchange differences on translation . . . . .	4	–	–	–	–	–	4
Share-based compensation ( <i>Note</i> <i>23</i> ) . . . . .	–	8,602	–	–	–	–	8,602
Loss for the year . . . . .	–	–	–	–	(145,929)	–	(145,929)
<b>As at 31 December 2024</b> . . . . .	<u>59</u>	<u>170,616</u>	<u>466,743</u>	<u>–</u>	<u>(929,602)</u>	<u>(644,733)</u>	<u>(936,917)</u>
<b>As at 1 January 2025</b> . . . . .	59	170,616	466,743	–	(929,602)	(644,733)	(936,917)
Capital contributions from Series E2 Investors . . . . .	–	–	95,657	–	–	–	95,657
Recognition of redemption liabilities of Series E2 Investors ( <i>i</i> ) . . . . .	–	–	–	–	–	(98,310)	(98,310)
Derecognition of redemption liabilities upon termination of special rights ( <i>i</i> ) . . . . .	–	–	320,524	–	–	743,043	1,063,567
Conversion into a joint stock company ( <i>Note 21</i> ) . . . . .	–	(131,500)	(882,924)	43,674	970,750	–	–
Capital contributions from Series E3 Investors . . . . .	–	–	–	102,565	–	–	102,565
Exchange differences on translation . . . . .	(15)	–	–	–	–	–	(15)
Share-based compensation ( <i>Note 23</i> ) . . . . .	–	29,809	–	7,033	–	–	36,842
Loss for the year . . . . .	–	–	–	–	(153,244)	–	(153,244)
Acquisition of a subsidiary . . . . .	–	–	239	–	–	–	239
<b>As at 31 December 2025</b> . . . . .	<u>44</u>	<u>68,925</u>	<u>239</u>	<u>153,272</u>	<u>(112,096)</u>	<u>–</u>	<u>110,384</u>

- (i) Treasury stock is recorded to reflect the carrying amount of redemption liabilities when redemption liabilities are initially reclassified from equity, and will be reversed when redemption liabilities are derecognised upon when the Group's obligations in connection with redemption liabilities are discharged, cancelled or have expired, which will then be reclassified back to equity. Details of redemption liabilities at amortised cost have been set out in Note 28. The Group recorded treasury stock to reflect the carrying amount of redemption liabilities at the date of issuance of the series of financing from investors with redemption rights. As at 22 May 2025, the Company's obligations in respect of redemption rights and liquidation preferences under deemed liquidation events ceased to be effective pursuant to a supplemental agreement entered into by the Company with, among others, the then investors with special rights of the Company.

*The Company*

	Share-based compensation	Capital reserves	Share premium	Accumulated losses	Treasury stock	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 1 January 2023</b> . . . . .	152,191	372,536	–	(591,875)	(546,423)	(613,571)
Share-based compensation (Note 23) . . . . .	9,823	–	–	–	–	9,823
Loss for the year . . . . .	–	–	–	(191,266)	–	(191,266)
<b>As at 31 December 2023</b> . . . . .	<u>162,014</u>	<u>372,536</u>	<u>–</u>	<u>(783,141)</u>	<u>(546,423)</u>	<u>(795,014)</u>
<b>As at 1 January 2024</b> . . . . .	162,014	372,536	–	(783,141)	(546,423)	(795,014)
Capital contributions from Series E1 Investors . . . . .	–	94,207	–	–	–	94,207
Recognition of redemption liabilities of Series E1 Investors . . . . .	–	–	–	–	(98,310)	(98,310)
Share-based compensation (Note 23) . . . . .	8,602	–	–	–	–	8,602
Loss for the year . . . . .	–	–	–	(141,601)	–	(141,601)
<b>As at 31 December 2024</b> . . . . .	<u>170,616</u>	<u>466,743</u>	<u>–</u>	<u>(924,742)</u>	<u>(644,733)</u>	<u>(932,116)</u>
<b>As at 1 January 2025</b> . . . . .	170,616	466,743	–	(924,742)	(644,733)	(932,116)
Capital contributions from Series E2 Investors . . . . .	–	95,657	–	–	–	95,657
Recognition of redemption liabilities of Series E2 Investors . . . . .	–	–	–	–	(98,310)	(98,310)
Derecognition of redemption liabilities upon termination of special rights . . . . .	–	320,524	–	–	743,043	1,063,567
Conversion into a joint stock company . . . . .	(131,500)	(882,924)	43,674	970,750	–	–
Capital contributions from Series E3 Investors . . . . .	–	–	102,565	–	–	102,565
Share-based compensation (Note 23) . . . . .	29,809	–	7,033	–	–	36,842
Loss for the year . . . . .	–	–	–	(131,584)	–	(131,584)
<b>As at 31 December 2025</b> . . . . .	<u>68,925</u>	<u>–</u>	<u>153,272</u>	<u>(85,576)</u>	<u>–</u>	<u>136,621</u>

**23 SHARE-BASED COMPENSATION**

**Accounting policy for share-based compensation**

The Company operates employee incentive plans. Employees, directors and consultants of the Group (the “eligible participants”) receive remuneration in the form of share-based payments, whereby the eligible participants render services in exchange for equity instruments. Employee benefits expense is recognised by reference to the fair value of RSUs granted or transferred to the eligible participants, together with a corresponding increase in equity in the share-based compensation reserves.

The total amount to be expensed is determined by reference to the fair value of RSUs granted or transferred:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of RSUs that are expected to vest based on the service conditions. The Group recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions in a manner that is beneficial to the employee, for example, by reducing the vesting period, the modification is taken into account when considering the estimate of the number of equity instruments expected to vest, but does not impact the measurement of the value of each instrument. The modification is accounted for retrospectively, the cumulative expense is ‘trued up’ at the modification date, to reflect the best estimate of awards expected to vest as of that date.

(i) RSU schemes

The Company operates a 2021 batch 1 RSU scheme and 2021 batch 2 RSU scheme (together, the “RSU schemes”), which were adopted pursuant to board resolutions passed in August 2021 and December 2021 respectively, for the purpose of providing incentives and rewards to the eligible participants who contribute to the success of the Group’s operations.

Suzhou Danyuan Kangnuo Enterprise Management Partnership (Limited Partnership) (蘇州丹源康諾企業管理合夥企業(有限合夥)) (formerly known as “Shanghai Danyuan Kangnuo Enterprise Management Partnership (Limited Partnership)”, “Danyuan Kangnuo”), Suzhou Danyuan Nuokang Consulting Management Partnership (Limited Partnership) (蘇州丹源諾康諮詢管理合夥企業(有限合夥)) (formerly known as “Shanghai Danyuan Nuokang Consulting Management Partnership (Limited Partnership)”, “Danyuan Nuokang”) and Suzhou Danyuan Aonuo Consulting Management Partnership (Limited Partnership) (蘇州丹源奧諾諮詢管理合夥企業(有限合夥)) (formerly known as “Shanghai Danyuan Aonuo Consulting Management Partnership (Limited Partnership)”, “Danyuan Aonuo”) (collectively referred to as the “ESOP platforms”) were incorporated in the PRC under the Company Law of the PRC to hold the Company’s share capital of approximately RMB4,540,000 to implement the RSU schemes. Under the RSU schemes, eligible participants shall subscribe for partnership interests of ESOP platforms at a consideration ranging from RMB0.02 to RMB1.05 for each RSU (ordinary shares at RMB1.0 each) and indirectly hold the share capital of the Company.

Pursuant to original RSU schemes, the RSUs granted shall be vested immediately or on the third anniversary date upon the successful listing of the Company. Upon the approval of the board’s resolutions on 11 July 2025, the Company resolved to modify the RSU schemes to be vested upon the first anniversary date after the successful listing of the Company. If the eligible participants terminate their relationships with the Group within the vesting period, the executive partner of ESOP platforms who is one of the directors of the Company, or a third party designated by the executive partner shall buy back the unvested RSUs at the lower of original consideration plus the contractually agreed interests and fair value of such RSUs. Any RSUs forfeited by departing eligible participants will be regranted to eligible participants and the fair value of the new granted RSUs was determined based on the underlying equity value of the Group nearest the new granted date.

Details of the RSUs granted or transferred under the RSU schemes as of 31 December 2025 are as follows:

Grant date	Number of RSUs (ordinary shares) vested/ outstanding*	Grantee	Vesting schedule defined in contract term	Exercise price per RSU* (RMB)	Fair value at grant date per RSU* (RMB)
August 2021 . . . . .	810,158	director	100% vested on grant date	0.15	45.42
August 2021 . . . . .	1,253,651	employees and consultants	vested on the first anniversary date upon the successful listing of the Company	0.02~0.15	45.42
March 2022 . . . . .	1,577,625	director	100% vested on grant date	0.99	45.42
March 2022 . . . . .	185,552	employees	vested on the first anniversary date upon the successful listing of the Company	0.99	45.42
July 2023 . . . . .	257,054	employees	vested on the first anniversary date upon the successful listing of the Company	1.00	47.93
January 2025 . . . . .	273,088	employees	vested on the first anniversary date upon the successful listing of the Company	0.99	46.39
July 2025 . . . . .	279,108	employees	vested on the first anniversary date upon the successful listing of the Company	0.15~0.99	46.47
October 2025 . . . . .	154,625	director	100% vested on grant date	0.99	46.47

\* The quantity/amount was calculated based on the conversion ratio used to convert the paid-in capital (USD) into shares (RMB) upon the company’s conversion to a joint stock company.

Set out below are the movement in the number of outstanding RSUs during the Track Record Period:

	Number of RSUs (ordinary shares) outstanding
As at 1 January 2023 . . . . .	2,152,460
Granted . . . . .	257,054
Forfeited . . . . .	(309,042)
As at 31 December 2023 . . . . .	<u>2,100,472</u>
As at 1 January 2024 . . . . .	2,100,472
Granted . . . . .	–
Forfeited . . . . .	(249,591)
As at 31 December 2024 . . . . .	<u>1,850,881</u>
As at 1 January 2025 . . . . .	1,850,881
Granted . . . . .	706,821
Forfeited . . . . .	(154,625)
As at 31 December 2025 . . . . .	<u>2,403,077</u>

In July 2023, January 2025, July 2025 and October 2025, 257,054 RSUs, 273,088 RSUs, 279,108 RSUs and 154,625 RSUs of the Company were granted to the eligible participants at a consideration of RMB1.00 per share, RMB0.99 per share, RMB0.15 to RMB0.99 per share and RMB0.99 per share, respectively through ESOP platforms. Certain eligible participants ceased to be employed by the Group during the years ended 31 December 2023, 2024 and 2025, 309,042 RSUs, 249,591 RSUs and 154,625 RSUs were forfeited and repurchased by executive partner of the ESOP platforms at the price initially paid for the RSUs with an agreed interest.

(ii) Fair value of RSUs granted

The fair value of services received in return for RSU is measured by reference to the fair value of the RSUs at the grant or transfer date. The fair value of each RSU was determined by the underlying equity value of the Group using discount cash flow method and back-solve method with further details included in Note 28.

(iii) Expenses arising from share-based compensation

Expenses for the share-based compensation have been charged to the consolidated statements of comprehensive loss as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Research and development expenses . . . . .	5,689	8,703	24,008
Administrative expenses . . . . .	4,134	(101)	12,834
	<u>9,823</u>	<u>8,602</u>	<u>36,842</u>

24 BORROWINGS

*The Group and the Company*

	As at 31 December		
	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Bank borrowings included in non-current liabilities			
Bank borrowings – unsecured and unguaranteed . . . . .	42,932	28,254	18,266
Less: long-term borrowings due within one year . . . . .	(19,207)	(19,504)	(9,166)
	<u>23,725</u>	<u>8,750</u>	<u>9,100</u>
Bank borrowings included in current liabilities			
Long-term borrowings due within one year – unsecured and unguaranteed . . . . .	19,207	19,504	9,166
Bank Borrowings – unsecured and unguaranteed . . . . .	15,015	24,521	8,506
	<u>34,222</u>	<u>44,025</u>	<u>17,672</u>

As at 31 December 2023, 2024 and 2025, the range of interest rate of borrowings was from 3.25% to 4.35%, 2.90% to 3.65% and 2.70% to 3.65% respectively.

## 25 OTHER NON-CURRENT LIABILITIES

### *The Group and the Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Exclusive upfront fees (i) . . . . .	–	25,000	25,000
Others . . . . .	1	–	–
	<u>1</u>	<u>25,000</u>	<u>25,000</u>
	<u>–</u>	<u>–</u>	<u>–</u>

(i) In November 2024, the Group entered into an exclusive commercialization collaboration agreement with Grand Life Sciences Group Limited (“Grand Life”), pursuant to which, Grand Life paid RMB25,000,000 to the Group as the first installment of milestone payments to exclusively commercialize the Group’s drug candidate. The first installment payment was recognised as prepaid upfront fees and will be amortised over the term of the collaboration agreement in profit or loss.

## 26 TRADE PAYABLES

### *The Group*

As at 31 December 2023, 2024 and 2025, the ageing analysis of the Group’s trade payables based on recognition date is as follows:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
within 1 year . . . . .	22,956	13,348	6,350
1-2 years . . . . .	–	2,641	1,256
2-3 year . . . . .	–	–	369
	<u>22,956</u>	<u>15,989</u>	<u>7,975</u>
	<u>–</u>	<u>–</u>	<u>–</u>

### *The Company*

As at 31 December 2023, 2024 and 2025, the ageing analysis of the Company’s trade payables based on recognition date is as follows:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
within 1 year . . . . .	22,956	12,887	4,973
1-2 years . . . . .	–	2,641	1,256
2-3 year . . . . .	–	–	369
	<u>22,956</u>	<u>15,528</u>	<u>6,598</u>
	<u>–</u>	<u>–</u>	<u>–</u>

27 OTHER PAYABLES AND ACCRUALS

*The Group*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Payroll and welfare payables . . . . .	3,369	4,027	6,765
Payables for professional services . . . . .	718	216	661
Escrow government subsidy payables to employees . . . . .	629	400	730
Other taxes payable . . . . .	530	651	429
Accrued listing expenses . . . . .	–	–	2,682
Others . . . . .	445	126	283
	<u>5,691</u>	<u>5,420</u>	<u>11,550</u>

The carrying amounts of other payables and accruals of the Group are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
RMB . . . . .	5,662	5,389	8,996
USD . . . . .	29	31	2,533
HKD . . . . .	–	–	21
	<u>5,691</u>	<u>5,420</u>	<u>11,550</u>

*The Company*

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Payroll and welfare payables . . . . .	3,369	4,003	6,640
Payables for professional services . . . . .	718	216	651
Escrow government subsidy payables to employees . . . . .	629	400	730
Other taxes payable . . . . .	530	651	421
Accrued listing expenses . . . . .	–	–	2,682
Others . . . . .	444	126	278
	<u>5,690</u>	<u>5,396</u>	<u>11,402</u>

The carrying amounts of other payables and accruals of the Company are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
RMB . . . . .	5,662	5,365	8,849
USD . . . . .	28	31	2,532
HKD . . . . .	–	–	21
	<u>5,690</u>	<u>5,396</u>	<u>11,402</u>

## 28 REDEMPTION LIABILITIES

### Accounting policy for redemption liabilities

Certain investors were granted with the right to require the Group to redeem their capital contributions for cash or liquidate in a preferential order upon occurrence of certain events which are not all within the control of the Group. A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. At initial recognition, such financial liabilities are measured at the present value of the redemption amount, which represents the settlement that would be triggered by the event with the most likely outcome and are reclassified from equity. Subsequently, any changes in the carrying amount of the financial liabilities resulting from the revision of the estimated contractual cash flows are recognised in profit or loss. The Group derecognises the financial liability when, and only when, the Group's obligations are discharged, cancelled or have expired. Upon a termination of the redemption rights and liquidation preferences under deemed liquidation events, the carrying amount of the financial instruments derecognised is credited into the equity.

#### (i) Investors with special rights

During the period from October 2013 to August 2020, the Group went through a series of equity financings with the interest of the investors (namely, Series B Investors, Series C Investors and Series C+ Investors) held in the Group at the level of the former holding company of the Company, TenNor Therapeutics and/or the Company.

In 2021, the Group underwent the restructuring by flipping down the shareholding of Series B Investors, Series C Investors and Series C+ Investors at the level of TenNor Therapeutics to the level of the Company (the "Flip-down"). As part of the Flip-down, paid-in capital of USD1,065,790, USD384,520 and USD194,639 of the Company were transferred to Series B Investors, Series C Investors and Series C+ Investors of TenNor Therapeutics to mirror their respective shareholding held through TenNor Therapeutics in the Company, respectively. The initial redemption liabilities of the investments of the then investors with special rights at the level of TenNor Therapeutics as at 31 December 2021 was approximately RMB204,397,000 and was recognised in equity as it was resulted from an obligation for the Group to purchase its own equity instruments. Upon completion of the restructuring as at 31 December 2021, the Company became the holding company of the Group, with all investors holding interest directly in the Company.

In December 2021, the Company entered into an investment agreement with several investors (the "Series D Investors"), pursuant to which the Series D Investors agreed to inject a total approximately RMB148,250,000 into the Company for the subscription of the Company's newly issued paid-in capital of USD490,203.

In November 2022, the Company entered into an investment agreement with several investors (the "Series D+ Investors"), pursuant to which the Series D+ Investors agreed to inject a total approximately RMB63,600,000 into the Company for the subscription of the Company's newly issued paid-in capital of USD210,300.

In September 2024, the Company entered into investment agreements with several investors ("Series E Investors"), pursuant to which the Series E Investors agreed to inject a total approximately RMB294,930,000 into the Company for the subscription of the Company's newly issued paid-in capital of USD975,215 (Note 20).

In accordance with the respective agreements, the Series B Investors, the Series C Investors, the Series C+ Investors, the Series D Investors, the Series D+ Investors and the Series E Investors (collectively, the "investors with special rights") were granted certain special rights. The key terms of these special rights that impacted the financial statements of the Group are outlined below:

#### *Redemption rights*

Pursuant to the respective agreements, investors with special rights is entitled to request the Company redeem all or part of the capital contributions upon occurrence of the following events which cannot be controlled by the Company, including (a) the Company fails to complete the IPO before 31 December 2026; (b) the founder or the ESOP platforms controlled by the founder fails to duly perform the operation and management responsibilities for the Company due to his/its misappropriation, embezzlement of the Company's assets or being imposed statutory compulsory measures; (c) the founder resigns without the prior consent of investors with special rights; (d) the Company fails to hold regular shareholders' meetings for more than one year, or the shareholders' meeting or the board, as the case may be, of the Company fails to reach effective resolutions for more than one year or three times in a row, unless such failure is caused by investors with special rights; (e) the Company or the founder seriously violates any provisions set forth in the respective agreements; (f) other investors with special rights request to repurchase their equity; (g) the Company or the founder were found to have committed major commercial bribery or were severely punished by administrative or judicial authorities, thereby causing substantial obstruction to the IPO and (h) any issue that is considered a liquidation event of any member of the Group occurs before 31 December 2026.

The redemption amount for the Series C+ Investors, the Series D Investors, the Series D+ Investors and the Series E Investors is calculated as the higher of (a) the original capital contributions amount from investors with an annual simple interest rate of 12% of the original capital contributions amount plus any dividends declared but unpaid and (b) the then fair market value of the capital contributions amount as requested to be redeemed. The redemption amount for the Series C Investors is calculated as the original capital contributions amount from investors with an annual compound interest rate of 10% of the original capital contributions amount plus any dividends declared but unpaid. The redemption amount for the Series B Investors is calculated as the original capital contributions amount from investors with an annual compound interest rate of 12% of the original capital contributions amount plus any dividends declared but unpaid and less any dividends declared and paid.

#### *Liquidation preferences*

In the event of liquidation, dissolution or winding up of the Company or any deemed liquidation event including (a) any sale, merger, liquidation or winding up of any member of the Group whether voluntary or involuntary, (b) any consolidation, amalgamation, scheme of arrangement or merger of any member of the Group with or into any other entities or other reorganization, in which the owners of such member of the Group immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization, own less than fifty percent (50%) of the voting power of such member of the Group immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such member of the Group is a party in which in excess of fifty percent (50%) of the voting power of such member of the Group is transferred; (c) a sale, transfer, lease or other disposition of all or substantially all of the assets of any member of the Group (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such member); and (d) the exclusive licensing of all or substantially all of the Group's intellectual property to a third party, unless, in each case above, each investors with special rights agrees in writing not to treat such event as a liquidation event, after the assets of the Company are used to settle debts payable by the Company in accordance with its articles of association, and to the extent permitted by the applicable PRC law, the remaining proceeds (the "Remaining Proceeds") shall be distributed in the following order:

- (a) Series E Investors: the greater of an amount of: (i) 100% of the capital contributions amount of such Series E Investors plus an interest accrued thereon at a simple rate of 8% per annum, and all dividends that have been declared, accrued but not paid; (ii) an amount of purchase price obtained by such Series E Investors from selling all of its capital to a bona fide third party; or (iii) an amount equal to 150% of the capital contributions amount of such capital, plus all dividends that have been declared, accrued but not paid.
- (b) Series D+ Investors and Series D Investors: the greater of an amount of: (i) 100% of the capital contributions amount of such Series D+ Investors and Series D Investors plus an interest accrued thereon at a simple rate of 8% per annum, and all dividends that have been declared, accrued but not paid; (ii) an amount of purchase price obtained by such Series D+ Investors and Series D Investors from selling all of its capital to a bona fide third party; or (iii) an amount equal to 150% of the capital contributions amount of such capital, plus all dividends that have been declared, accrued but not paid.
- (c) Series C+ Investors: 150% of the capital contributions amount of such capital, plus all dividends that have been declared, accrued but not paid.
- (d) Series C Investors: 150% of the capital contributions amount of such capital, plus all dividends that have been declared, accrued but not paid.
- (e) Series B Investors: 150% of the capital contributions amount of such capital, plus all dividends that have been declared, accrued but not paid.

If there are any assets or funds remaining after the payment of liquidation price of each investors with special rights, the remaining assets and funds of the Company available for distribution shall be distributed ratably among all owners according to the relative amounts of paid-in capital.

If the Remaining Proceeds are not sufficient to be distributed in accordance with the distribution method described above, then the funds legally available for distribution shall be distributed pro rata among the investors with special rights in proportion to the full liquidation preference amount that each investors with special rights would be otherwise entitled to receive in the distribution order above.

#### *Anti-dilution right*

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to require the Company to issue additional paid-in capital at nominal price of RMB1.0 or the minimum consideration permitted by law, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance or reduced to a lower determined price.

#### *Most favorable terms*

If the rights granted by the Company to any investors brought in before the existing investors thereafter are more favorable than the rights of existing investors, the existing investors are also entitled to such terms, conditions or rights.

#### (ii) Termination of special rights

Pursuant to a supplemental agreement entered into by the Company with, among others, the then investors with special rights of the Company as at 22 May 2025, the Company's obligations in respect of the redemption rights and liquidation preferences under deemed liquidation events have ceased to be effective from the date and shall not be reinstated in any event, and all other special rights ceased to be effective upon the Company's first submission of an application for the listing of the shares on the Main Board of the Stock Exchange (the "Listing"), provided that these special rights (excluding the Company's obligations in respect of the redemption rights and liquidation preferences under deemed liquidation events) shall automatically be reinstated, as if the termination of such rights had never taken place in the event where (i) the Company withdraws its application for the Listing, (ii) the Stock Exchange, the Securities and Futures Commission or any competent securities regulatory authority has decided not to approve or to reject the Listing of the Company.

(iii) Presentation and classification

As the Company did not have an unconditional right to avoid redeeming the capital contributions for cash before the termination of special rights, the Company recognised financial liabilities for the obligation to redeem the capital contributions that were initially measured at the present value of the redemption amount, which represents the amount expected to be paid to the investors with special rights upon occurrence of the event with the most likely outcome in accordance with the accounting policies. These financial liabilities were subsequently measured at amortised cost. The changes in the carrying amount of the liabilities arising from the remeasurement of the redemption amount are recognised in profit or loss as “finance cost”. Upon the termination of special rights, the Company transferred the balance of redemption liabilities to equity.

**The Group and the Company**

The movements of the redemption liabilities are set out below:

Redemption liabilities	Series B	Series C	Series C+	Series D	Series D+	Series E	Total
	Investors	Investors	Investors	Investors	Investors	Investors	
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
As at 1 January 2023 . . . . .	122,889	186,295	164,393	161,890	63,940	–	699,407
Changes in the carrying amount of redemption liabilities . . . . .	16,312	20,264	5,436	18,038	7,440	–	67,490
<b>As at 31 December 2023 and 1 January 2024 . . . . .</b>	<b>139,201</b>	<b>206,559</b>	<b>169,829</b>	<b>179,928</b>	<b>71,380</b>	<b>–</b>	<b>766,897</b>
Recognition of redemption liabilities of Series E1 Investors . . . . .	–	–	–	–	–	98,310	98,310
Changes in the carrying amount of redemption liabilities . . . . .	18,322	22,325	2,725	13,991	6,347	2,584	66,294
<b>As at 31 December 2024 and 1 January 2025 . . . . .</b>	<b>157,523</b>	<b>228,884</b>	<b>172,554</b>	<b>193,919</b>	<b>77,727</b>	<b>100,894</b>	<b>931,501</b>
Recognition of redemption liabilities of Series E2 Investors . . . . .	–	–	–	–	–	98,310	98,310
Changes in the carrying amount of redemption liabilities . . . . .	7,130	8,676	249	7,287	3,014	7,400	33,756
Derecognition of redemption liabilities upon termination of special rights . . . . .	(164,653)	(237,560)	(172,803)	(201,206)	(80,741)	206,604	(1,063,567)
<b>As at 31 December 2025 . . . . .</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

As of the dates of issuance and at the end of each reporting period, the redemption scenario resulted in the most likely outcome of the redemption liabilities. The redemption liabilities were measured according to redemption rights.

The Company has engaged an independent valuer to determine the fair value of investments from investors with special rights. The back-solve method or the discounted cash flow method of the market approach was used to determine the total equity value of the Group and then equity value allocation model based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair value of investments from investors with special rights to arrive at the redemption liabilities of the Company in accordance with redemption rights.

The following table lists the key parameters:

	As at 31 December		
	2023	2024	2025
Risk-free interest rate . . . . .	2.29%	1.14%	–
Expected volatility . . . . .	37.26%	29.63%	–
Discount for lack of marketability . . . . .	3.98%-19.65%	1.25%-15.72%	–

The Group estimated the risk-free interest rate based on Government Bond Yield to Maturity with a maturity life close to period from the respective valuation dates to the expected redemption dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected redemption dates. The discount for lack of marketability (“DLOM”) represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments. DLOM was estimated using a protective-put option framework.

Below is a summary of significant unobservable inputs to the fair value of investments from investors with special rights together with a quantitative sensitivity analysis as at the end of each reporting period:

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Risk-free interest rate			
– 1% increase . . . . .	(40)	(22)	–
– 1% decrease . . . . .	41	21	–
Expected volatility			
– 5% increase . . . . .	(3,087)	(2,622)	–
– 5% decrease . . . . .	3,164	2,646	–
Discount for lack of marketability			
– 1% increase . . . . .	(1,974)	(1,901)	–
– 1% decrease . . . . .	1,976	1,900	–

The redemption liabilities were presented in current liabilities as at 31 December 2023 as the Company would be requested to redeem the capital contributions if the Company failed to consummate qualified listing before 30 June 2024. Pursuant to the shareholders' resolutions dated 16 June 2024, the due date was extended to 31 December 2026, therefore the redemption liabilities were reclassified as non-current liabilities as at 31 December 2024.

## 29 DIVIDENDS

No dividend has been paid or declared by the Company during years ended 31 December 2023, 2024 and 2025.

## 30 CASH FLOW INFORMATION

### (i) Reconciliation of loss for the year to cash used in operations

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
Loss before income tax . . . . .	(191,844)	(145,929)	(153,244)
Adjustments for:			
– Depreciation of property, plant and equipment (Note 12) . . . . .	1,602	1,589	495
– Amortisation of intangible assets (Note 14) . . . . .	88	102	121
– Share-based compensation expense (Note 23) . . . . .	9,823	8,602	36,842
– Depreciation of right-of-use assets (Note 13) . . . . .	1,194	1,005	968
– Finance costs – net (Note 9) . . . . .	69,362	67,931	35,238
– Amortisation of government grants . . . . .	(999)	(1)	–
– Loss on disposal of property, plant and equipment . . . . .	–	16	12
– Net fair value gains on financial assets at FVPL (Note 8) . . . . .	(719)	(11)	(485)
– Other gains . . . . .	(37)	(37)	(8)
– Net foreign exchange losses/(gains) . . . . .	60	(19)	(6)
Changes in operating assets and liabilities:			
– (Increase)/decrease in prepayment, other receivables and other assets . . . . .	(78)	1,479	(2,380)
– Increase in other non-current assets . . . . .	(1,381)	(1,320)	(3,358)
– Increase/(decrease) in trade payables . . . . .	13,951	(6,968)	(8,014)
– Increase/(decrease) in other payables and accruals . . . . .	388	(290)	5,960
– Increase in other non-current liabilities . . . . .	–	25,000	–
Cash used in operations . . . . .	(98,590)	(48,851)	(87,859)

### (ii) Major non-cash investing and financing activities

Major non-cash investing and financing activities disclosed in other notes are:

- additions to right-of-use assets in respect of lease — Note 13.
- recognition, changes in the carrying amount and termination of redemption liabilities — Note 28.

(iii) Reconciliation of liabilities arising from financing activities

	Lease liabilities	Borrowings	Redemption liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net debt as at 1 January 2023 . . . . .	2,529	54,404	699,407	756,340
Cash flows – principal . . . . .	(1,333)	3,555	–	2,222
Cash flows – interest . . . . .	(85)	(2,273)	–	(2,358)
Lease addition . . . . .	275	–	–	275
Interest expenses . . . . .	85	2,261	67,490	69,836
Net debt as at 31 December 2023 . . . . .	<u>1,471</u>	<u>57,947</u>	<u>766,897</u>	<u>826,315</u>
Net debt as at 1 January 2024 . . . . .	1,471	57,947	766,897	826,315
Cash flows – principal . . . . .	(938)	(5,155)	–	(6,093)
Cash flows – interest . . . . .	(34)	(1,870)	–	(1,904)
Lease addition . . . . .	75	–	–	75
Lease termination . . . . .	(359)	–	–	(359)
Recognition of redemption liabilities of Series E1 Investors . . . . .	–	–	98,310	98,310
Interest expenses . . . . .	34	1,853	66,294	68,181
Net debt as at 31 December 2024 . . . . .	<u>249</u>	<u>52,775</u>	<u>931,501</u>	<u>984,525</u>
Net debt as at 1 January 2025 . . . . .	249	52,775	931,501	984,525
Cash flows – principal . . . . .	(940)	(25,975)	–	(26,915)
Cash flows – interest . . . . .	(84)	(1,426)	–	(1,510)
Lease addition . . . . .	2,573	–	–	2,573
Recognition of redemption liabilities of Series E2 Investors . . . . .	–	–	98,310	98,310
Derecognition of redemption liabilities upon termination of special rights . . . . .	–	–	(1,063,567)	(1,063,567)
Interest expenses . . . . .	84	1,398	33,756	35,238
Net debt as at 31 December 2025 . . . . .	<u>1,882</u>	<u>26,772</u>	<u>–</u>	<u>28,654</u>

31 COMMITMENTS

The Group and the Company did not have material operating and capital commitments.

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related in one party has the ability, directly or indirectly, to control the other part or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business during the years ended 31 December 2023, 2024 and 2025 respectively.

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(i) **Names and relationships with related parties**

The table set forth below summaries the names of the related parties and nature of their relationship with the Group.

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Dr. Zhenkun Ma	Director and chairman of the board
WuXi AppTec (Suzhou) Co., Ltd. (“WuXi AppTec (Suzhou)”).	Affiliate of the ultimate controlling party of the Company’s investor
WuXi AppTec (Shanghai) Co., Ltd. (“WuXi AppTec (Shanghai)”).	Affiliate of the ultimate controlling party of the Company’s investor
WuXi Labnetwork (Wuhan) Chemical Technology Co., Ltd. (“WuXi Labnetwork (Wuhan)”).	Affiliate of the ultimate controlling party of the Company’s investor
WuXi Clinical (Shanghai) Co., Ltd. (“WuXi Clinical (Shanghai)”).*	Affiliate of the ultimate controlling party of the Company’s investor
WuXi Jinshi Pharmaceutical Technology (Shanghai) Co., Ltd. (“WuXi Jinshi (Shanghai)”).*	Affiliate of the ultimate controlling party of the Company’s investor
Shanghai STA Pharmaceutical Co., Ltd. (“Shanghai STA”).	Affiliate of the ultimate controlling party of the Company’s investor
Shanghai SynTheAll Pharmaceutical R&D Co., Ltd. (“Shanghai SynTheAll”).	Affiliate of the ultimate controlling party of the Company’s investor
WuXi STA Pharmaceutical Co., Ltd. (“WuXi STA”).	Affiliate of the ultimate controlling party of the Company’s investor
Zhongshan Life and Health Industry Development Co., Ltd. (formerly known as Zhongshan Cuiheng Jianhui Industrial Park Development Co., Ltd., “Zhongshan Life and Health”).	Significant shareholder of the Company’s investor

\* On 28 October 2025, the 100% equity interests of WuXi Clinical (Shanghai) and WuXi Jinshi (Shanghai) were announced to be disposed of to third parties by WuXi AppTec Co., Ltd., with business registration completed on 16 December 2025. Consequently, the two entities ceased to be related parties of the Company from the disposal date. Accordingly, the related party transaction amounts and balances disclosed herein only comprise those for the period when the entities were still related parties of the Company.

(ii) **Transactions with related parties**

	Year ended 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
<b>Purchases of goods or services</b>			
WuXi Jinshi (Shanghai)	4,735	858	8
Shanghai SynTheAll	3,088	4,205	6,325
WuXi AppTec (Suzhou)	2,711	2,225	167
WuXi Clinical (Shanghai)	1,265	120	–
Shanghai STA	1,121	40	40
WuXi AppTec (Shanghai)	532	–	–
WuXi Labnetwork (Wuhan)	4	1	–
WuXi STA	–	544	3,084
	<u>13,456</u>	<u>7,993</u>	<u>9,624</u>
<b>Rental fees and related service charges</b>			
Zhongshan Life and Health	–	12	58
	<u>–</u>	<u>12</u>	<u>58</u>

(iii) Balance with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<b>Prepayments</b>			
WuXi AppTec (Suzhou) . . . . .	1,242	–	–
WuXi STA . . . . .	–	489	152
	<u>1,242</u>	<u>489</u>	<u>152</u>
<b>Other receivables</b>			
Dr. Zhenkun Ma (a) . . . . .	2,265	2,302	–
Zhongshan Life and Health . . . . .	–	4	7
	<u>2,265</u>	<u>2,306</u>	<u>7</u>
<b>Other non-current assets</b>			
Zhongshan Life and Health . . . . .	–	611	608
<b>Trade payable</b>			
WuXi Jinshi (Shanghai) . . . . .	1,019	823	–
WuXi Clinical (Shanghai) . . . . .	378	266	248
Shanghai SynTheAll . . . . .	705	486	1,364
Shanghai STA . . . . .	98	40	–
WuXi STA . . . . .	–	–	258
WuXi AppTec (Suzhou) . . . . .	–	–	73
	<u>2,200</u>	<u>1,615</u>	<u>1,943</u>

The above balances with related parties were denominated in RMB, unsecured and non-interest bearing. Except for other receivables due from Dr. Zhenkun Ma as disclosed in (a) below, prepayments, other receivables, trade payable and other non-current assets are all trade in nature. Those trade payables were due within 30 days. Other non-current assets represent rent deposits due from a related party after one year from the balance sheet date. Their fair values approximated their carrying amounts due to their short maturities.

- (a) As at 31 December 2023 and 2024, the balance represented receivables due from Dr. Zhenkun Ma and related interest accrued in non-trade nature, which had been fully settled in March 2025.

(iv) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 33 is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages and salaries . . . . .	6,335	4,850	6,969
Share-based compensation expenses (a) . . . . .	4,510	3,843	17,223
Discretionary bonuses . . . . .	569	704	1,671
Social insurance . . . . .	835	628	732
Other welfare for employees . . . . .	111	75	17
	<u>12,360</u>	<u>10,100</u>	<u>26,612</u>

- (a) Share-based compensation expenses for the years ended 31 December 2023 and 2024 do not include a reversal of approximately RMB2,666,000 and RMB3,568,000 respectively due to resignation of certain employees.

As at 31 December 2023, 2024 and 2025, wages, salaries and discretionary bonuses of approximately RMB1,313,000, RMB1,435,000 and RMB2,444,000 have not been paid to key management, respectively.

### 33 DIRECTORS' BENEFITS AND INTERESTS

#### (i) Directors' emoluments

Directors' emoluments for the years ended 31 December 2023 are set out as follows:

	Fees	Salary	Discretionary bonus	Share-based compensation expenses	Pension costs	Other benefits	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>Year ended 31 December 2023</b>							
<b>Executive directors</b>							
Dr. Zhenkun Ma (a) . . . . .	–	1,868	187	–	–	26	2,081
<b>Non-executive directors</b>							
Mr. Lianyong Chen (b) . . . . .	–	–	–	–	–	–	–
Mr. Morton H Meyerson (h) . . . . .	–	–	–	1,135	–	–	1,135
Mr. Jianlin Yu (e) . . . . .	–	–	–	–	–	–	–
Dr. Gaoguang Song (g) . . . . .	–	–	–	–	–	–	–
Mr. Shang Li (d) . . . . .	–	–	–	–	–	–	–
Mr. Michael Chungyaw Chao (c) . . . . .	–	–	–	–	–	–	–
Ms. Zeng Liu (f) . . . . .	–	–	–	–	–	–	–
<b>Supervisors</b>							
Ms. Zhixiu Yang (i) . . . . .	–	–	–	–	–	–	–
	–	<u>1,868</u>	<u>187</u>	<u>1,135</u>	–	<u>26</u>	<u>3,216</u>
	=	=	=	=	=	=	=

Directors' emoluments for the years ended 31 December 2024 are set out as follows:

	Fees	Salary	Discretionary bonuses	Share-based compensation expenses	Pension costs	Other benefits	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>Year ended 31 December 2024</b>							
<b>Executive directors</b>							
Dr. Zhenkun Ma (a) . . . . .	–	1,896	300	–	–	32	2,228
<b>Non-executive directors</b>							
Mr. Morton H Meyerson (h) . . . . .	–	–	–	1,135	–	–	1,135
Mr. Jianlin Yu (e) . . . . .	–	–	–	–	–	–	–
Dr. Gaoguang Song (g) . . . . .	–	–	–	–	–	–	–
Mr. Wei Wang (j) . . . . .	–	–	–	–	–	–	–
Ms. Shuang Yang (k) . . . . .	–	–	–	–	–	–	–
Dr. Martin Friedrich Heidecker (l) . . . . .	–	–	–	–	–	–	–
Mr. Bomu Zhang (m) . . . . .	–	–	–	–	–	–	–
<b>Supervisors</b>							
Ms. Zhixiu Yang (i) . . . . .	–	–	–	–	–	–	–
	–	<u>1,896</u>	<u>300</u>	<u>1,135</u>	–	<u>32</u>	<u>3,363</u>
	=	=	=	=	=	=	=

Directors' emoluments for the years ended 31 December 2025 are set out as follows:

	Fees	Salary	Discretionary bonuses	Share-based compensation expenses	Pension costs	Other benefits	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>Year ended</b>							
<b>31 December 2025</b>							
<b>Executive directors</b>							
Dr. Zhenkun Ma (a) . . . . .	–	1,907	818	7,033	–	252	10,010
<b>Non-executive directors</b>							
Mr. Morton H Meyerson (h) . . . . .	–	–	–	(2,270)	–	–	(2,270)
Mr. Jianlin Yu (e) . . . . .	–	–	–	–	–	–	–
Dr. Gaoguang Song (g) . . . . .	–	–	–	–	–	–	–
Mr. Wei Wang (j) . . . . .	–	–	–	–	–	–	–
Ms. Shuang Yang (k) . . . . .	–	–	–	–	–	–	–
Dr. Martin Friedrich Heidecker (l) . . . . .	–	–	–	–	–	–	–
Mr. Bomu Zhang (m) . . . . .	–	–	–	–	–	–	–
Mr. Michael James Bakes (n) . . . . .	–	–	–	–	–	–	–

	Fees	Salary	Discretionary bonuses	Share-based compensation expenses	Pension costs	Other benefits	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
<b>Independent directors</b>							
Dr. Leping Li ( <i>o</i> ) . . . . .	109	–	–	–	–	–	109
Mr. Weigang Li ( <i>p</i> ) . . . . .	104	–	–	–	–	–	104
Dr. Lin Ni ( <i>q</i> ) . . . . .	104	–	–	–	–	–	104
<b>Supervisors</b>							
Ms. Zhixiu Yang ( <i>i</i> ) . . . . .	–	–	–	–	–	–	–
Mr. Zhijun Zhuang ( <i>r</i> ) . . . . .	–	45	8	115	26	*	194
Mr. Shijie He ( <i>s</i> ) . . . . .	–	50	8	115	26	*	199
	<u>317</u>	<u>2,002</u>	<u>834</u>	<u>4,993</u>	<u>52</u>	<u>252</u>	<u>8,450</u>

\* Represents amount less than RMB1,000.

- (a) Dr. Zhenkun Ma, as the founder, was appointed as executive director on 25 February 2013.
- (b) Mr. Lianyong Chen was appointed as non-executive director on 15 September 2013 and resigned on 24 September 2024. Mr. Lianyong Chen did not receive any emolument during the years ended 31 December 2023 and 2024.
- (c) Mr. Michael Chungyaw Chao was appointed as non-executive director on 21 January 2019 and resigned on 24 September 2024. Mr. Michael Chungyaw Chao did not receive any emolument during the years ended 31 December 2023 and 2024.
- (d) Mr. Shang Li was appointed as non-executive director on 30 December 2021 and resigned on 24 September 2024. Mr. Shang Li did not receive any emolument during the years ended 31 December 2023 and 2024.
- (e) Mr. Jianlin Yu was appointed as non-executive director on 30 December 2021 and resigned on 8 July 2025. Mr. Jianlin Yu did not receive any emolument during the years ended 31 December 2023, 2024 and 2025.
- (f) Ms. Zeng Liu was appointed as non-executive director on 30 December 2021 and resigned on 24 September 2024. Ms. Zeng Liu did not receive any emolument during the years ended 31 December 2023 and 2024.
- (g) Dr. Gaoguang Song was appointed as non-executive director on 29 June 2022. Dr. Gaoguang Song did not receive any emolument during the years ended 31 December 2023, 2024 and 2025.
- (h) Mr. Morton H Meyerson was appointed as non-executive director on 29 June 2022 and resigned on 8 July 2025.
- (i) Ms. Zhixiu Yang was appointed as supervisor on 15 November 2022 and resigned on 23 July 2025. Ms. Zhixiu Yang did not receive any emolument during the years ended 31 December 2023, 2024 and 2025.
- (j) Mr. Wei Wang was appointed as non-executive director on 12 September 2024 and resigned on 26 May 2025. Mr. Wei Wang did not receive any emolument during the years ended 31 December 2024 and 2025.
- (k) Ms. Shuang Yang was appointed as non-executive director on 12 September 2024 and resigned on 8 July 2025. Ms. Shuang Yang did not receive any emolument during the years ended 31 December 2024 and 2025.
- (l) Dr. Martin Friedrich Heidecker was appointed as non-executive director on 12 September 2024. Dr. Martin Friedrich Heidecker did not receive any emolument during the years ended 31 December 2024 and 2025.
- (m) Mr. Bomu Zhang was appointed as non-executive director on 12 September 2024 and resigned on 8 July 2025. Mr. Bomu Zhang did not receive any emolument during the years ended 31 December 2024 and 2025.
- (n) Mr. Michael James Bakes was appointed as non-executive director on 8 July 2025. Mr. Michael James Bakes did not receive any emolument during year ended 31 December 2025.
- (o) Dr. Leping Li was appointed as independent director on 8 July 2025.
- (p) Mr. Weigang Li was appointed as independent director on 8 July 2025.
- (q) Dr. Lin Ni was appointed as independent director on 8 July 2025.
- (r) Mr. Zhijun Zhuang was appointed as supervisor on 26 May 2025 and resigned on 23 July 2025.
- (s) Mr. Shijie He was appointed as supervisor on 26 May 2025 and resigned on 23 July 2025.

(ii) **Directors' retirement benefits**

None of the directors received or will receive any retirement benefits during the years ended 31 December 2023, 2024 and 2025.

(iii) **Directors' termination benefits**

None of the directors received or will receive any termination benefits during the years ended 31 December 2023, 2024 and 2025.

(iv) **Consideration provided to third parties for making available directors' services**

During the years ended 31 December 2023, 2024 and 2025, the Company did not pay consideration to any third parties for making available directors' services.

(v) **Information about loans, quasi-loans and other dealings in favor of directors, bodies corporate controlled by or entities connected with directors**

Save as disclosed in Note 32, there were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2023, 2024 and 2025.

(vi) **Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2023, 2024 and 2025.

#### 34 SUBSIDIARIES

The details of the Group's principal subsidiaries are set out below:

Name	Place and date of incorporation	Principal activities	Paid-in capital			Percentage of attributable equity interest to the Company			As at the date of this report
			As at 31 December			As at 31 December			
			2023	2024	2025	2023	2024	2025	
			RMB '000	RMB '000	RMB '000				
TenNor Shanghai (i)	the PRC, 15 December 2014	Research and development of innovative drugs	1,000	1,000	1,000	100%	100%	100%	100%
TenNor Zhongshan (ii)	the PRC, 25 August 2023	Research and development and manufacturing and commercialization of innovative drugs	-	50,000	150,000	100%	100%	100%	100%
TenNor US (iii)	the USA, 27 June 2018	Research and development of innovative drugs	647	647	647	100%	100%	100%	100%
TenNor HK (iv)	Hong Kong, 8 Jan 2012	Research and development of innovative drugs	-	-	-	Not applicable	Not applicable	100%	100%

**Notes:**

- (i) No audited financial statements have been prepared for TenNor Shanghai for the years ended 31 December 2023, 2024 and 2025 as there is no statutory requirement in its place of incorporation.
- (ii) No audited financial statements have been prepared for TenNor Zhongshan for the year ended 31 December 2023 as there is no statutory requirement in its place of incorporation. The statutory financial statements of TenNor Zhongshan for the year ended 31 December 2024 and 2025 were audited by Suzhou Devotion Certified Public Accountants Partnership (蘇州德富信會計師事務所), certified public accountants registered in the PRC.
- (iii) No audited financial statements have been prepared for TenNor US for the years ended 31 December 2023, 2024 and 2025 as there is no statutory requirement in its place of incorporation.
- (iv) On 20 February 2025, TenNor US acquired TenNor HK from TenNor Therapeutics Limited, the former holding company of the Company, at a consideration of RMB1.0, leading to an increase in capital reserves by approximately RMB239,000. After the acquisition, TenNor HK became a wholly-owned subsidiary of TenNor US. The audited financial statements TenNor HK for the year ended 31 December 2025 have yet to be issued.

## Investments in subsidiaries

### The Company

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
TenNor Zhongshan . . . . .	–	50,000	150,000
TenNor Shanghai . . . . .	1,000	1,000	1,000
TenNor US . . . . .	647	647	647
	<u>1,647</u>	<u>51,647</u>	<u>151,647</u>
Less: provision for impairment of investments in subsidiaries . . . .	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>
	<u>647</u>	<u>50,647</u>	<u>150,647</u>

## Trade receivables

### The Company

	As at 31 December		
	2023	2024	2025
	RMB '000	RMB '000	RMB '000
TenNor Zhongshan (i) . . . . .	–	–	1,496
	<u>–</u>	<u>–</u>	<u>1,496</u>

(i) The receivables from TenNor Zhongshan arose from the research and development services provided by the Company.

## 35 SUBSEQUENT EVENTS

There are no material subsequent events undertaken by or impacted on the Company or the Group subsequent to 31 December 2025 and up the date of this report.

## 36 CONTINGENCIES

As at 31 December 2023, 2024 and 2025, there were no significant contingency items for the Group and the Company.

## 37 SUMMARY OF OTHER ACCOUNTING POLICIES

### 37.1 Principles of consolidation and equity accounting

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 37.2 Foreign currency translation

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is RMB. As the Company's primary subsidiaries were incorporated in the PRC, the Group determined to present its Historical Financial Information in RMB.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in consolidated statements of comprehensive loss in the period in which they arise.

Monetary assets and liabilities denominated in foreign currencies at the year-end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statements of comprehensive loss within “Other gains — net”.

### **(iii) Group companies**

The results and balance sheet of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position are translated at the spot exchange rates on the balance sheet date;
- Income and expenses for statement of comprehensive income are translated at the spot exchange rates of the transaction dates; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated as “Reserves” in equity.

### **37.3 Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The recoverable amount of these CGUs at the end of reporting period had been determined based on value in use calculations, using cash flow projections prepared by management. Key assumptions applied in preparing the cash flow projections included revenue growth rate and discount rate. Based on the results of the assessment, the recoverable amount exceeded the carrying amount with sufficient headroom and no impairment of property, plant and equipment, right-of-use assets and intangible assets was recorded during the Track Record Period.

### **37.4 Other receivables**

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

### **37.5 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **37.6 Paid-in capital/Share capital**

Paid-in capital/ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of paid-in capital/new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **37.7 Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheets when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as “finance costs”.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **37.8 Borrowings costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

### **37.9 Trade and other payables**

Trade and other payables mainly represent the obligations to pay for services that have been acquired in the ordinary course of business from contract research organisations, clinical site management operators and clinical trial centers. Trade and other payables are presented as current liabilities unless payment is not due within one year or less after the reporting period.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **37.10 Income tax and deferred income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **37.11 Employee benefits**

#### **(i) Pension obligations**

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group's contributions to these plans are expensed as incurred.

#### **(ii) Housing funds, medical insurances and other social insurances**

The PRC employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

#### **(iii) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(iv) **Employee leave entitlement**

Employee entitlement to annual leave are recognised when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period. Employees entitlement to sick leave and maternity leave are not recognised until the time of leave.

(v) **Bonus plan**

The expected cost of bonus is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

### 37.12 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in consolidated statements of comprehensive loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to consolidated statements of comprehensive loss over the estimated useful lives of the related assets using the straight-line method.

### 37.13 Leases

(i) **Leases as lessee**

The Group leases various offices and properties. Leases are initially recognised as a right-of-use asset and corresponding liability at the date when the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period.

Right-of-use assets are measured at cost comprising the following (if applicable):

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

*(ii) Leases as lessor*

A lease that substantially transfers almost all risks and rewards incidental to the ownership of the leased asset is classified as a finance lease. All other leases are classified as operating leases.

For operating leases of self-owned or sub-lease buildings and structures, rental income is recognised on a straight-line basis over the lease term.

**37.14 Loss per share**

*(a) Basic loss per share*

Basic loss per share is calculated by dividing:

- the loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury stock.

*(b) Diluted loss per share*

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares.

**III SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared for the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report. No dividend or distribution has been declared, made or paid by the Company or any of the companies comprising the Group in respect of any period subsequent to 31 December 2025 and up to the date of this report.