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## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LONGBIO PHARMA (SUZHOU) CO., LTD. AND SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED

### Introduction

We report on the historical financial information of LongBio Pharma (Suzhou) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-47, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-47 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 May 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Directors' responsibility for the Historical Financial Information

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

### Reporting accountants' responsibility

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

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

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

**Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

***Dividends***

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



Ernst & Young  
*Certified Public Accountants*  
Hong Kong  
28 May 2026

**I. HISTORICAL FINANCIAL INFORMATION****Preparation of Historical Financial Information**

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

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

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

**APPENDIX I****ACCOUNTANTS' REPORT****CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<i>Notes</i>	<b>Year ended 31 December</b>	
		<b>2024</b>	<b>2025</b>
		<i>RMB'000</i>	<i>RMB'000</i>
Other income and gains . . . . .	5	3,070	5,586
Research and development costs . . . . .		(98,081)	(126,622)
Selling and distribution expenses . . . . .		–	(484)
Administrative expenses . . . . .		(11,266)	(34,797)
Other expenses . . . . .		(51)	(2,408)
Finance costs . . . . .	7	<u>(30,993)</u>	<u>(16,858)</u>
LOSS BEFORE TAX . . . . .	6	(137,321)	(175,583)
Income tax expense . . . . .	10	<u>–</u>	<u>–</u>
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR . . . . .		<u>(137,321)</u>	<u>(175,583)</u>
Attributable to:			
Owners of the parent . . . . .		(137,321)	(175,583)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB) . . . . .	12	<u>(2.89)</u>	<u>(3.10)</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December	
		2024	2025
		RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment . . . . .	13	11,614	10,292
Right-of-use assets . . . . .	14	6,524	2,751
Prepayments, other receivables and other assets . . . . .	15	7,369	12,440
<b>Total non-current assets . . . . .</b>		<b>25,507</b>	<b>25,483</b>
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets . . . . .	15	14,693	10,931
Cash and cash equivalents . . . . .	16	66,624	95,051
Pledged deposits . . . . .	16	1,990	–
Restricted cash . . . . .	16	–	881
Financial assets at fair value through profit or loss (“FVTPL”) . . . . .	17	40,095	95,211
<b>Total current assets . . . . .</b>		<b>123,402</b>	<b>202,074</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables . . . . .	18	27,068	45,762
Interest-bearing bank borrowings . . . . .	19	37,877	35,000
Deferred income . . . . .	20	2,040	560
Redemption liabilities on a subsidiary's shares . . . . .	21	23,636	–
Lease liabilities . . . . .	14	4,113	2,129
<b>Total current liabilities . . . . .</b>		<b>94,734</b>	<b>83,451</b>
<b>NET CURRENT ASSETS . . . . .</b>		<b>28,668</b>	<b>118,623</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .</b>			
		<b>54,175</b>	<b>144,106</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities . . . . .	14	2,923	794
Deferred income . . . . .	20	2,410	2,797
Redemption liabilities on equity shares . . . . .	22	358,738	–
Amounts due to a related party . . . . .	29	20,388	–
<b>Total non-current liabilities . . . . .</b>		<b>384,459</b>	<b>3,591</b>
<b>Net (liabilities)/assets . . . . .</b>		<b>(330,284)</b>	<b>140,515</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Paid-in capital/Share capital . . . . .	24	7,991	60,000
Reserves . . . . .	25	(338,275)	80,515
<b>Total . . . . .</b>		<b>(330,284)</b>	<b>140,515</b>
<b>Total (deficits)/equity . . . . .</b>		<b>(330,284)</b>	<b>140,515</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

## Year ended 31 December 2024

	Attributable to owners of the parent					
	Paid-in capital	Capital reserve*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 . . . . .	7,658	235,042	4,117	(241,059)	(199,447)	(193,689)
Loss and total comprehensive loss for the year . . . . .	–	–	–	–	(137,321)	(137,321)
Capital contributions by shareholders (note 24) . . . . .	333	59,667	–	–	–	60,000
Recognition of redemption liabilities on equity shares (note 22) . . . . .	–	–	–	(60,000)	–	(60,000)
Recognition of share-based payment expenses (note 26) . . . . .	–	–	726	–	–	726
At 31 December 2024 . . . . .	<u>7,991</u>	<u>294,709</u>	<u>4,843</u>	<u>(301,059)</u>	<u>(336,768)</u>	<u>(330,284)</u>

## Year ended 31 December 2025

	Attributable to owners of the parent					
	Paid-in capital/Share capital	Capital reserve/Share premium*	Share-based payment reserve*	Other reserve*	Accumulated losses*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025 . . . . .	7,991	294,709	4,843	(301,059)	(336,768)	(330,284)
Loss and total comprehensive loss for the year . . . . .	–	–	–	–	(175,583)	(175,583)
Capital contributions by shareholders (note 24) . . . . .	1,757	262,014	–	–	–	263,771
Recognition of redemption liabilities on equity shares (note 22) . . . . .	–	–	–	(223,771)	–	(223,771)
Recognition of share-based payment expenses (note 26) . . . . .	–	–	8,840	–	–	8,840
Termination of redemption rights (note 22) . . . . .	–	–	–	597,542	–	597,542
Conversion into a joint stock company ("Capitalisation Issue") . . . . .	50,252	(375,642)	–	(76,071)	401,461	–
At 31 December 2025 . . . . .	<u>60,000</u>	<u>181,081</u>	<u>13,683</u>	<u>(3,359)</u>	<u>(110,890)</u>	<u>140,515</u>

\* The reserve accounts comprised RMB(338,275,000) and RMB80,515,000 in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December	
		2024	2025
		RMB'000	RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(137,321)	(175,583)
Adjustments for:			
Finance costs	7	30,993	16,858
Interest income		(185)	(1,119)
Foreign exchange losses, net		37	1,919
Loss on disposal of items of property, plant and equipment	6	–	67
Gain on fair value changes of financial assets at FVTPL	5	(499)	(1,242)
Depreciation of property, plant and equipment	6	3,540	3,829
Depreciation of right-of-use assets	6	3,710	3,773
Share-based payment expenses	26	726	8,840
(Increase)/decrease in prepayments, other receivables and other assets		(12,266)	3,275
(Increase)/decrease in pledged deposits		(1,990)	1,990
Increase in restricted cash		–	(881)
Increase/(decrease) in deferred income		2,410	(1,093)
Increase in trade and other payables		6,764	18,328
Cash used in operations		(104,081)	(121,039)
Income tax paid		(41)	–
Net cash flows used in operating activities		(104,122)	(121,039)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		185	1,119
Purchases of items of property, plant and equipment		(6,145)	(4,386)
Net proceeds of purchase of financial assets at FVTPL		(39,596)	(53,874)
Net cash flows used in investing activities		(45,556)	(57,141)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments		(4,308)	(4,308)
New interest-bearing bank borrowings		37,877	48,249
Repayment of interest-bearing bank borrowings		(13,000)	(51,126)
Interest on bank borrowings		(807)	(982)
Redemption of shares of a subsidiary		–	(23,990)
Loan from a related party		20,000	–
Repayment of the loan to a related party		–	(20,682)
Proceeds from capital contributions from shareholders	24	60,000	263,771
Payment of listing expense		(649)	(2,406)
Net cash flows from financing activities		99,113	208,526
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		117,226	66,624
Effect of foreign exchange rate changes, net		(37)	(1,919)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	16	<u>66,624</u>	<u>95,051</u>

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December	
		2024	2025
		RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	11,935	12,447
Right-of-use assets		1,573	1,195
Investments in subsidiaries	1	61,574	23,022
Prepayments, other receivables and other assets	15	6,054	11,903
<b>Total non-current assets</b>		<b>81,136</b>	<b>48,567</b>
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets	15	14,256	9,767
Cash and cash equivalents	16	66,481	74,960
Pledged deposits	16	1,990	–
Restricted cash	16	–	881
Financial assets at FVTPL	17	40,095	95,211
<b>Total current assets</b>		<b>122,822</b>	<b>180,819</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	26,336	44,864
Interest-bearing bank borrowings	19	37,877	35,000
Amounts due to a subsidiary		80,181	–
Deferred income		2,040	560
Lease liabilities		360	374
Redemption liabilities on a subsidiary's shares	21	4,004	–
<b>Total current liabilities</b>		<b>150,798</b>	<b>80,798</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(27,976)</b>	<b>100,021</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>53,160</b>	<b>148,588</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		1,168	794
Deferred income		1,460	1,847
Redemption liabilities on equity shares	22	358,738	–
Amounts due to a related party	29	20,388	–
<b>Total non-current liabilities</b>		<b>381,754</b>	<b>2,641</b>
<b>Net (liabilities)/assets</b>		<b>(328,594)</b>	<b>145,947</b>
<b>EQUITY</b>			
Paid-in capital/Share capital	24	7,991	60,000
Reserves	25	(336,585)	85,947
<b>Total (deficits)/equity</b>		<b>(328,594)</b>	<b>145,947</b>

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. CORPORATE INFORMATION

LongBio Pharma (Suzhou) Co., Ltd. (the "Company") was a limited liability company established in China on 26 October 2020. The registered address of the Company is 5th Floor, Building F, Area A, No. 128, Yinhe Road, Southeast Street, Changshu City, Jiangsu Province, China. On 7 August 2025, the Company was converted to a joint stock limited liability company.

The Company is a clinical-stage biotechnology company. The Company and its subsidiaries (the "Group") are principally engaged in the research, development, manufacture and commercialisation of pharmaceutical products in the People's Republic of China (the "PRC").

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

Name	Place and date of registration and place of operations	Issued ordinary share/registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Longyan Biotechnology Co., Ltd.* ("Longyan Shanghai") 隆延生物科技(上海)有限公司 (note a)	PRC/Chinese mainland 4 January 2021	RMB5,000,000	100%	–	Research and development of innovative drugs
Hangzhou Lingcheng Biotechnology Co., Ltd.* ("Hangzhou Lingcheng") 杭州领丞生物科技有限公司 (note a)	PRC/Chinese mainland 11 June 2025	RMB20,000,000	100%	–	Research and development of innovative drugs

\* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to directly translate their Chinese names as they have not registered with any official English names.

a. No statutory accounts were prepared for these subsidiaries as these subsidiaries were not required by the local government to prepare statutory accounts.

### The Company

The carrying amounts of the Company's investments in subsidiaries are as follows:

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Investment in subsidiaries	61,574	23,022

The Group assessed the impairment for investments in subsidiaries as at the end of each of the Relevant Periods and no impairment was provided for the investment in subsidiaries since no impairment indicator.

## 2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods. The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

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

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

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

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

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

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

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

## 2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>2</sup>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> <sup>2</sup>
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to: IFRS 1, IFRS7, IFRS 9, IFRS 10 and IAS 7 <sup>1</sup>

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

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

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. The new standard is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements. Other than IFRS 18, so far, the Group considers that IFRS 19 and the amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

## 2.3 MATERIAL ACCOUNTING POLICY INFORMATION

### Fair value measurement

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

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

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

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

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

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

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

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

As at 31 December 2024 and 2025, no indicators of the impairment for such non-financial assets are identified notwithstanding that the Group recorded a loss for the years ended 31 December 2024 and 2025, since (i) the assets' value have not declined significantly, and (ii) the assets are not obsolete or physically damaged.

#### **Related parties**

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

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

or

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

#### Property, plant and equipment and depreciation

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

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

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

Laboratory equipment	9.50%
Office and electronic equipment	19% to 31.67%
Motor vehicles	23.75%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

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

**Research and development costs**

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

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

**Leases**

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

***Group as a lessee***

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

***(a) Right-of-use assets***

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

Laboratories and office premises ..... 1.1 to 5 years

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

***(b) Lease liabilities***

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

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

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

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

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

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

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

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

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

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

***Subsequent measurement***

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

***Financial assets at amortised cost (debt instruments)***

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

***Financial assets at fair value through profit or loss***

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

**Derecognition of financial assets**

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

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

**Impairment of financial assets**

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

**General approach**

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

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

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

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

Financial liabilities are classified, at initial recognition, as interest-bearing bank borrowings, redemption liabilities on a subsidiary's shares, redemption liabilities on equity shares, amounts due to a related party, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of interest-bearing bank borrowings, redemption liabilities on a subsidiary's shares, redemption liabilities on equity shares, amounts due to a related party and payables, net of directly attributable transaction costs.

The Group's financial liabilities mainly include trade and other payables, amounts due to a related party and redemption liabilities on a subsidiary's shares.

**Subsequent measurement**

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

***Financial liabilities at amortised cost (trade and other payables, amounts due to a related party, redemption liabilities on a subsidiary's shares, and redemption liabilities on equity shares)***

After initial recognition, trade and other payables, amounts due to a related party and redemption liabilities on a subsidiary's shares are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

**Derecognition of financial liabilities**

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

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

**Cash and cash equivalents**

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

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

**Income tax**

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

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

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

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

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

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

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

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

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

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

#### **Government grants**

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

#### **Other income**

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

#### **Share-based payments**

The Company operates share incentive plans. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer, further details of which are given in note 26 to the Historical Financial Information.

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

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

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

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

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

#### **Other employee benefits**

##### *Pension scheme*

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

#### **Events after the reporting period**

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

#### **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### **Foreign currencies**

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on

translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

### **3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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

#### **Judgements**

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

#### ***Research and development costs***

All research costs are charged to profit or loss as incurred. Costs incurred on each pipeline to develop new products are capitalised and deferred in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make judgements on the technical feasibility of existing pipelines to be successfully commercialised and bring economic benefits to the Group.

#### ***Deferred tax assets***

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

#### **Estimation uncertainty**

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

#### ***Accrual of research and development costs***

The Group relies on contract research organisations, clinical site management operators and clinical trial centres (collectively referred to as "Outsourced Service Providers") to conduct, supervise, and monitor the Group's ongoing clinical trials. Determining the amounts of research and development expenses incurred up to the end of the reporting period requires the management of the Group to estimate and measure the progress of receiving research and development services.

***Impairment of non-financial assets***

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

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

***Leases — Estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

***Fair value of share-based payment transactions***

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

For the measurement of the fair value of share-based payment transactions with employees at the grant date, the Group uses the Black-Scholes option pricing model and the Back-solve model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 26 to the Historical Financial Information.

**4. OPERATING SEGMENT INFORMATION**

The Group is engaged in biopharmaceutical research and development, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's directors for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

**Geographical information**

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

**Information about major customers**

No revenue was derived during the Relevant Periods. Therefore, no information about major customers is presented.

## 5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
<u>Other income</u>		
Government grants <sup>†</sup>	1,203	2,984
Bank interest income	1,331	1,347
Others	37	13
Total other income	2,571	4,344
<u>Gains</u>		
Gain on fair value changes of financial assets at FVTPL	499	1,242
Total gains	499	1,242
Total	3,070	5,586

\* The government grants mainly represent subsidies received from local government authorities for the purpose of supporting the Company or its subsidiaries' operating activities, or for the purpose of compensation for expenditure arising from research and clinical trial activities.

## 6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December	
		2024	2025
		RMB'000	RMB'000
Depreciation of property, plant and equipment <sup>†</sup>	13	3,540	3,829
Depreciation of right-of-use assets <sup>†</sup>	14	3,710	3,773
Research and development costs <sup>†</sup>		98,081	126,622
Government grants	5	(1,203)	(2,984)
Lease payments not included in the measurement of lease liabilities <sup>†</sup>	14(c)	33	–
Auditor's remuneration		69	–
Listing expenses		2,464	15,965
Employee benefit expense (excluding directors', chief executive's and supervisor's remuneration (note 8)) <sup>†</sup> :			
Wages and salaries		11,191	20,207
Share-based payment expenses		726	8,074
Pension scheme contributions		3,303	5,222
Total		15,220	33,503
Bank interest income	5	(1,331)	(1,347)
Loss on disposal of items of property, plant and equipment		–	67
Gain on fair value changes of financial assets at FVTPL	5	(499)	(1,242)

<sup>†</sup> Research and development costs include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, lease payments not included in the measurement of lease liabilities and employee benefit expense, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

## 7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Interest on bank borrowings	807	982
Interest on amounts due to a related party	388	294
Interest on lease liabilities	329	195
Interest on redemption liabilities on a subsidiary's shares	1,203	354
Interest on redemption liabilities on equity shares	28,266	15,033
Total	30,993	16,858

## 8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISOR'S REMUNERATION

Directors', chief executive's and supervisor's remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Fees	—	—
Other emoluments:		
Salaries, allowances and benefits in kind	495	1,404
Pension scheme contributions and social welfare	110	260
Share-based payment expenses	—	766
Subtotal	605	2,430
Total	605	2,430

## (a) Directors and supervisors

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total
	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2024</b>			
Chief executive and director:			
Dr. Liu Heng (note (i))	375	110	485
Directors:			
Dr. Sun Bill Nai-chau (note (ii))	60	—	60
Mr. Xu Wenchao (note (iii))	—	—	—
Ms. Gu Qin (note (iv))	—	—	—
Mr. Lin Jian (note (iv))	—	—	—
Supervisor:			
Ms. Sun Cecily Rou-yun (note (viii))	60	—	60
Total	495	110	605

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2025</b>				
Chief executive and director:				
Dr. Liu Heng ( <i>note (i)</i> ) . . . . .	700	123	–	823
Directors:				
Dr. Sun Bill Nai-chau ( <i>note (ii)</i> ) . . . . .	92	–	–	92
Ms. Gu Qin ( <i>note (iv)</i> ) . . . . .	–	–	–	–
Mr. Lin Jian ( <i>note (iv)</i> ) . . . . .	–	–	–	–
Dr. Xue Di ( <i>note (v)</i> ) . . . . .	–	–	–	–
Dr. Chen Kan ( <i>note (vi)</i> ) . . . . .	–	–	–	–
Mr. Xie Ming ( <i>note (vii)</i> ) . . . . .	580	137	766	1,483
Supervisor:				
Ms. Sun Cecily Rou-yun ( <i>note (viii)</i> ) . . . . .	32	–	–	32
Total . . . . .	1,404	260	766	2,430

## Notes:

- (i) Dr. Liu Heng was appointed as a director of the Company with effect from 26 October 2020 and re-designated as an executive director of the Company with effect from 15 August 2025. Dr. Liu Heng was also the chief executive officer and the chairman of the Company and his remuneration disclosed above included the remuneration for the services rendered by him as the chief executive and chairman.
- (ii) Dr. Sun Bill Nai-chau was appointed as a director of the Company with effect from 26 October 2020 and was re-designated as an executive director on 15 August 2025.
- (iii) Mr. Xu Wenchao was appointed as a director of the Company with effect from 27 September 2021 and resigned on 27 December 2024.
- (iv) Ms. Gu Qin and Mr. Lin Jian were appointed as directors of the Company with effect from 20 October 2022 and re-designated as non-executive directors of the Company with effect from 15 August 2025.
- (v) Dr. Xue Di was appointed as a director of the Company with effect from 19 May 2025 and re-designated as a non-executive director of the Company with effect from 15 August 2025.
- (vi) Dr. Chen Kan was appointed as a director of the Company with effect from 19 May 2025 and re-designated as a non-executive director of the Company with effect from 15 August 2025.
- (vii) Mr. Xie Ming was appointed as a director of the Company with effect from 19 May 2025 and re-designated as an executive director of the Company with effect from 15 August 2025. His remuneration disclosed above included the remuneration for the services rendered by him before his appointment as a director.
- (viii) Ms. Sun Cecily Rou-yun was appointed as a supervisor of the Company with effect from 26 October 2020 and resigned with effect from 15 July 2025.

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

**9. FIVE HIGHEST PAID EMPLOYEES**

The five highest paid employees during the Relevant Periods included nil and one director, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods of the remaining five and four highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Salaries, bonuses and allowances . . . . .	2,379	2,836
Pension scheme contributions and social welfare . . . . .	737	615
Share-based payment expenses . . . . .	878	5,452
Total . . . . .	3,994	8,903

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

	Year ended 31 December	
	2024	2025
HKD500,001 to HKD1,000,000 . . . . .	4	–
HKD1,000,001 to HKD1,500,000 . . . . .	1	–
HKD2,000,001 to HKD2,500,000 . . . . .	–	1
HKD2,500,001 to HKD3,000,000 . . . . .	–	3
Total . . . . .	5	4

During the Relevant Periods, share options and restricted share units were granted to the non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 26 to the Historical Financial Information. The fair values of such share options and restricted share units, which have been recognised in profit or loss over the vesting period, were determined as at the dates of grant and the amount included in the Historical Financial Information for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

During the Relevant Periods, no highest paid employees waived or agreed to waive any remuneration and no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

**10. INCOME TAX****Chinese mainland**

Pursuant to the Corporate Income Tax Law of the People's Republic of China and the respective regulations (the "CIT Law"), the entities which operate in the Chinese mainland are subject to corporation income tax at a rate of 25% on the taxable income during the Relevant Periods.

The Company is a qualified "High and New Technology Enterprise" ("HNTE") and enjoys a reduced tax rate of 15% from 2022 to 2024. This qualification is subject to review by the relevant tax authority in the PRC for every three years. And the Company is subject to corporation income tax at a rate of 25% on the taxable income as at 31 December 2025.

Pursuant to Caishui [2023] No. 12 "Circular of the Ministry of Finance, the State Administration of Taxation Issued on the Further support for Preferential Income Tax Policies for Small Low-profit Enterprises" (財政部稅務總局關於進一步支持小微企業和個體工商戶發展有關稅費政策的公告), one of the Group's PRC subsidiaries, Longyan Shanghai whose annual taxable income less than RMB3,000,000 will be included in the actual taxable income at 25% based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%. This policy has taken effect from 1 January 2023 and will expire on 31 December 2027.

**APPENDIX I****ACCOUNTANTS' REPORT**

Pursuant to the relevant CIT Law, the Company and Longyan Shanghai enjoyed a super deduction of 200% on qualified research and development costs so incurred as tax deductible expenses when determining their assessable profits for the Relevant Periods.

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

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Current income tax	-	-
Deferred income tax	-	-
Total	-	-

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its major subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Loss before tax	(137,321)	(175,583)
Tax at the statutory tax rate (25%)	(34,330)	(43,896)
Lower tax rate enacted by local authority	14,311	751
Expenses not deductible for tax purposes	4,708	5,820
Tax losses and temporary differences not recognised	28,969	65,472
Additional deductible allowance for qualified research and development costs	(13,658)	(28,147)
Tax charge at the Group's effective rate	-	-

**11. DIVIDENDS**

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

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

On 7 August 2025, the Company was converted to a joint stock limited liability company. A total of 60,000,000 shares of par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion of paid-in capital to share capital with par value of RMB1.00 each is applied retrospectively for the Relevant Periods for the purpose of computation of basic loss per share.

The calculation of the basic loss per share amount is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 47,472,705, and 56,642,707 in issue during the Relevant Periods, respectively.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the impact of the redemption liabilities on equity shares and share-based payments had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic and diluted loss per share is based on:

	Year ended 31 December	
	2024	2025
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(137,321)	(175,583)
Ordinary shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	47,472,705	56,642,707
Loss per share (RMB per share)	(2.89)	(3.10)

### 13. PROPERTY, PLANT AND EQUIPMENT

#### The Group

	Leasehold improvements	Laboratory equipment	Office and electronic equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2024</b>						
At 1 January 2024:						
Cost	—	13,013	4,881	—	5,009	22,903
Accumulated depreciation	—	(8,245)	(3,876)	—	—	(12,121)
Net carrying amount	—	4,768	1,005	—	5,009	10,782
At 1 January 2024, net of accumulated						
depreciation	—	4,768	1,005	—	5,009	10,782
Additions	—	126	216	226	3,804	4,372
Transfer	8,813	—	—	—	(8,813)	—
Depreciation provided during the year	(2,145)	(771)	(624)	—	—	(3,540)
At 31 December 2024, net of accumulated						
depreciation	6,668	4,123	597	226	—	11,614
At 31 December 2024:						
Cost	8,813	13,139	5,097	226	—	27,275
Accumulated depreciation	(2,145)	(9,016)	(4,500)	—	—	(15,661)
Net carrying amount	6,668	4,123	597	226	—	11,614

**APPENDIX I**
**ACCOUNTANTS' REPORT**

	Leasehold improvements	Laboratory equipment	Office and electronic equipment	Motor vehicles	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2025</b>					
At 1 January 2025:					
Cost . . . . .	8,813	13,139	5,097	226	27,275
Accumulated depreciation . . . . .	(2,145)	(9,016)	(4,500)	–	(15,661)
Net carrying amount . . . . .	<u>6,668</u>	<u>4,123</u>	<u>597</u>	<u>226</u>	<u>11,614</u>
At 1 January 2025, net of					
accumulated depreciation . . . . .	6,668	4,123	597	226	11,614
Additions . . . . .	825	1,358	391	–	2,574
Disposal . . . . .	–	–	(67)	–	(67)
Depreciation provided during the year . . . . .	(3,011)	(541)	(223)	(54)	(3,829)
At 31 December 2025, net of accumulated depreciation . . . . .	<u>4,482</u>	<u>4,940</u>	<u>698</u>	<u>172</u>	<u>10,292</u>
At 31 December 2025:					
Cost . . . . .	9,638	14,497	5,421	226	29,782
Accumulated depreciation . . . . .	(5,156)	(9,557)	(4,723)	(54)	(19,490)
Net carrying amount . . . . .	<u>4,482</u>	<u>4,940</u>	<u>698</u>	<u>172</u>	<u>10,292</u>

**The Company**

	Leasehold improvements	Laboratory equipment	Office and electronic equipment	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2024</b>					
At 1 January 2024:					
Cost . . . . .	–	10,992	3,536	–	14,528
Accumulated depreciation . . . . .	–	(2,287)	(2,392)	–	(4,679)
Net carrying amount . . . . .	<u>–</u>	<u>8,705</u>	<u>1,144</u>	<u>–</u>	<u>9,849</u>
At 1 January 2024, net of					
accumulated depreciation . . . . .	–	8,705	1,144	–	9,849
Additions . . . . .	–	126	213	3,804	4,143
Transfer . . . . .	3,804	–	–	(3,804)	–
Depreciation provided during the year . . . . .	(346)	(1,045)	(666)	–	(2,057)
At 31 December 2024, net of accumulated depreciation . . . . .	<u>3,458</u>	<u>7,786</u>	<u>691</u>	<u>–</u>	<u>11,935</u>
At 31 December 2024:					
Cost . . . . .	3,804	11,118	3,749	–	18,671
Accumulated depreciation . . . . .	(346)	(3,332)	(3,058)	–	(6,736)
Net carrying amount . . . . .	<u>3,458</u>	<u>7,786</u>	<u>691</u>	<u>–</u>	<u>11,935</u>

	Leasehold improvements	Laboratory equipment	Office and electronic equipment	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>As at 31 December 2025</b>				
At 1 January 2025:				
Cost . . . . .	3,804	11,118	3,749	18,671
Accumulated depreciation . . . . .	(346)	(3,332)	(3,058)	(6,736)
Net carrying amount . . . . .	<u>3,458</u>	<u>7,786</u>	<u>691</u>	<u>11,935</u>
At 1 January 2025, net of accumulated depreciation . . . . .				
	3,458	7,786	691	11,935
Additions . . . . .	825	1,530	391	2,746
Disposal . . . . .	-	-	(43)	(43)
Depreciation provided during the year . . . . .	(871)	(1,080)	(240)	(2,191)
At 31 December 2025, net of accumulated depreciation . . . . .	<u>3,412</u>	<u>8,236</u>	<u>799</u>	<u>12,447</u>
At 31 December 2025:				
Cost . . . . .	4,629	12,648	4,097	21,374
Accumulated depreciation . . . . .	(1,217)	(4,412)	(3,298)	(8,927)
Net carrying amount . . . . .	<u>3,412</u>	<u>8,236</u>	<u>799</u>	<u>12,447</u>

#### 14. LEASES

##### The Group as a lessee

The Group has lease contracts for various items of laboratories and office premises used in its operations. Leases of laboratories and office premises generally have lease terms between 1.1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

##### (a) Right-of-use assets

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

	Laboratories and office premises
	<i>RMB'000</i>
<b>31 December 2024</b>	
As at 1 January 2024 . . . . .	8,347
Additions . . . . .	1,887
Depreciation charge . . . . .	(3,710)
As at 31 December 2024 . . . . .	<u>6,524</u>
<b>31 December 2025</b>	
As at 1 January 2025 . . . . .	6,524
Depreciation charge . . . . .	(3,773)
As at 31 December 2025 . . . . .	<u>2,751</u>

**(b) Lease liabilities**

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

	As at 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at 1 January . . . . .	9,128	7,036
Additions . . . . .	1,887	–
Accretion of interest recognised during the year . . . . .	329	195
Payments . . . . .	(4,308)	(4,308)
Carrying amount at the end of the year . . . . .	<u>7,036</u>	<u>2,923</u>
Analysed into:		
Current portion . . . . .	4,113	2,129
Non-current portion . . . . .	<u>2,923</u>	<u>794</u>

The maturity analysis of lease liabilities is disclosed in note 32 to the Historical Financial Information.

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

	Year ended 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities . . . . .	329	195
Depreciation charge of right-of-use assets . . . . .	3,710	3,773
Expenses relating to short-term leases . . . . .	33	–
Total amount recognised in profit or loss . . . . .	<u>4,072</u>	<u>3,968</u>

**(d) The total cash outflows for leases are disclosed in note 27 (c) to the Historical Financial Information.****15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS****The Group**

	As at 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current:		
Value-added tax recoverable . . . . .	6,234	11,084
Rental deposits . . . . .	1,135	111
Prepayment for property, plant and equipment . . . . .	–	1,245
Total . . . . .	<u>7,369</u>	<u>12,440</u>
Current:		
Prepayments . . . . .	13,991	5,844
Other receivables . . . . .	59	1,097
Deferred listing expense . . . . .	643	3,990
Total . . . . .	<u>14,693</u>	<u>10,931</u>

## The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Non-current:		
Value-added tax recoverable . . . . .	5,943	10,547
Rental deposits . . . . .	111	111
Prepayment for property, plant and equipment . . . . .	–	1,245
Total . . . . .	<u>6,054</u>	<u>11,903</u>
Current:		
Prepayments . . . . .	13,604	5,759
Other receivables . . . . .	9	18
Deferred listing expense . . . . .	643	3,990
Total . . . . .	<u>14,256</u>	<u>9,767</u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. In addition, there is no significant change in the economic factors based on the assessment of the forward-looking information, so the directors of the Company are of the opinion that the ECLs in respect of these balances are minimal. The balances are not secured with collateral.

## 16. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

## The Group

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Cash and bank balances . . . . .	68,614	95,932
Less:		
Pledged deposits (i) . . . . .	1,990	–
Restricted cash (ii) . . . . .	–	881
Cash and cash equivalents . . . . .	<u>66,624</u>	<u>95,051</u>
Denominated in		
RMB . . . . .	36,467	47,550
USD . . . . .	30,157	47,501
Total . . . . .	<u>66,624</u>	<u>95,051</u>

## The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Cash and bank balances . . . . .	68,471	75,841
Less:		
Pledged deposits (i) . . . . .	1,990	–
Restricted cash (ii) . . . . .	–	881
Cash and cash equivalents . . . . .	<u>66,481</u>	<u>74,960</u>
Denominated in		
RMB . . . . .	36,324	27,459
USD . . . . .	30,157	47,501
Total . . . . .	<u>66,481</u>	<u>74,960</u>

(i) It mainly represents pledged deposits in commercial banks primarily for bills payable as at 31 December 2024. None of these deposits are either past due or impaired.

(ii) A bank account of the Company was temporarily frozen in December 2025 due to a litigation related to a dispute on the settlement of payment to a financial advisor.

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

## 17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

### The Group and the Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Structured deposits	40,095	95,211

The structured deposits were purchased from reputable banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

## 18. TRADE AND OTHER PAYABLES

### The Group

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Current:		
Trade and bills payables	12,761	5,717
Accrued research and development costs	10,304	28,952
Payroll payables	1,688	3,108
Other tax payables	65	207
Payables for purchase of property and equipment	1,209	642
Accrued listing expenses	106	4,798
Other payables	935	2,338
Total	<u>27,068</u>	<u>45,762</u>

### The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Current:		
Trade and bills payables	12,761	5,358
Accrued research and development costs	10,304	28,952
Payroll payables	1,447	3,042
Other tax payables	61	202
Payables for purchase of property and equipment	742	174
Accrued listing expenses	106	4,798
Other payables	915	2,338
Total	<u>26,336</u>	<u>44,864</u>

Other payables are unsecured and non-interest-bearing. The carrying amounts of financial liabilities included in trade and other payables as at the end of each of the Relevant Periods approximated to their fair values due to their short-term maturities.

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

#### The Group

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Within 3 months	9,455	4,472
3 months to 1 year	3,306	1,245
Total	12,761	5,717

Trade payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

#### 19. INTEREST-BEARING BANK BORROWINGS

##### The Group and the Company

	As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans-secured	2.55-2.80	2025	27,877	–	–	–
Bank loans-unsecured	3.00	2025	10,000	2.45-2.70	2026	35,000
			37,877			35,000

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	37,877	35,000

The guarantee amounts provided by the related parties during the Relevant Periods are as follows:

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Dr. Liu Heng	20,877	–
Dr. Liu Heng, Ms. Lu Nan	7,000	–
Total	27,877	–

**20. DEFERRED INCOME****The Group**

	As at 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Income-related government grants	4,450	3,357
Analysed into:		
Current portion	2,040	560
Non-current portion	2,410	2,797

The movements in deferred income during the Relevant Periods are as follows:

	Year ended 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	2,040	4,450
Grants received during the year	2,410	947
Credited to profit or loss during the year	-	(2,040)
At end of the year	4,450	3,357

**21. REDEMPTION LIABILITIES ON A SUBSIDIARY'S SHARES**

In February 2021, certain shareholders of the Company, the Company and LongBio Changshu, a subsidiary of the Company, entered into a share purchase agreement with Changshu Southeast Industrial Investment Co., Ltd. ("Southeast Investment"). Pursuant to the agreement, capital contributed by Southeast Investment which has been injected into LongBio Changshu shall all be redeemable by certain shareholders of the Company or other parties designated by these certain shareholders, the Company or LongBio Changshu upon occurrence of the following certain contingent events which cannot be controlled by the Company or LongBio Changshu:

- (i) Dr. Liu Heng loses control of LongBio Changshu for any reason;
- (ii) Dr. Liu Heng or LongBio Changshu's key management personnel incurs substantial integrity issues that prejudice the interests of LongBio Changshu;
- (iii) Any material breach of the investment agreement, LongBio Changshu's articles of association, and the respective litigation and regulation requirements by Dr. Liu Heng, the existing shareholders and LongBio Changshu;
- (iv) Any material omission or misleading of information and documents that relates to the execution of this investment agreement;
- (v) Incompleteness of phase I clinical trial of LP-003 and LP-005 by end of 2023;
- (vi) Failure to redeem the shares held by Southeast Investment by 31 December 2023.

The share purchase price is calculated as the higher of (i) the respective issue price, plus a 6% simple interest per annum accrued on the redeemable shares' issuance price from the issuance date, minus all dividends paid on such redeemable shares and (ii) the evaluated net assets of LongBio Changshu at the time of redemption attributable to Southeast Investment according to the share percentage.

In June 2024, the Company, LongBio Changshu and Southeast Investment entered into a supplementary agreement and extended the last date, 31 December 2023, for (vi) above: redemption of the shares held by Southeast Investment to 31 December 2024. Subsequently, the Company entered into an agreement with Southeast Investment to acquire the shares of LongBio Changshu held by Southeast Investment at the consideration of RMB23,990,000 in March 2025 and it was completed in April 2025.

**Presentation and classification**

The redemption obligations give rise to financial liabilities, which are measured at the net present value of the redemption amount in the consolidated financial statements and financial liabilities at FVTPL in the Company financial statements.

The movements of redemption liabilities during the Relevant Periods are set out below:

**The Group**

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
At beginning of year	22,433	23,636
Interest expense	1,203	354
Exercise of the redemption right	–	(23,990)
At end of year	<u>23,636</u>	<u>–</u>

**The Company**

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
At beginning of year	3,026	4,004
Fair value changes	978	(14)
Exercise of the redemption right	–	(3,990)
At end of year	<u>4,004</u>	<u>–</u>

## 22. REDEMPTION LIABILITIES ON EQUITY SHARES

**The Group and the Company**

In July 2021, the Company issued 1,641,667 series A registered capital with a par value of RMB1.00 per share ("Series A Shares") to several independent investors for a total consideration of RMB98,500,000 or RMB60.00 per share.

In August 2022, the Company issued 207,069 series A+ registered capital with a par value of RMB1.00 per share ("Series A+ Shares") to several independent investors for a total consideration of RMB17,000,000 or RMB82.10 per share.

In October 2022, the Company issued 97,603 series A++ registered capital with a par value of RMB1.00 per share ("Series A++ Shares") to several independent investors for a total consideration of RMB10,000,000 or RMB102.46 per share.

In October 2023, the Company issued 616,653 series B1 registered capital with a par value of RMB1.00 per share ("Series B1 Shares") to several independent investors for a total consideration of RMB97,200,000 or RMB157.63 per share.

In November 2023, the Company issued 95,163 series B1 registered capital with a par value of RMB1.00 per share ("Series B1 Shares") to several independent investors for a total consideration of RMB15,000,000 or RMB157.63 per share.

In December 2024, the Company issued 332,993 Series B2 registered capital with a par value of RMB1.00 per share ("Series B2 Shares") to several independent investors for a total consideration of RMB60,000,000 or RMB180.18 per share.

In March 2025, the Company issued 81,485 Series B3 registered capital with a par value of RMB1.00 per share ("Series B3 Shares") to several independent investors for a total consideration of RMB16,000,000 or RMB196.36 per share.

In May 2025, the Company issued 1,008,904 Series C registered capital with a par value of RMB1.00 per share ("Series C Shares") to several independent investors for a total consideration of RMB207,800,000 or RMB205.97 per share.

Series A Shares, Series A+ Shares, Series A++ Shares, Series B1 Shares, Series B2 Shares, Series B3 Shares and Series C Shares are collectively referred to as the "Shares". The holders of the Shares are collectively referred to as the "Shareholders".

The key terms of the Shares are summarised as follows:

**(1) Redemption features**

Upon occurrence of the following events which cannot be controlled by the Company, the Shares shall be redeemable by the Company at the option of the Shareholders:

- (i) the Company fails to achieve a qualified Initial Public Offering ("IPO") or qualified overall sale of the Company before 31 December 2028;
- (ii) the Company and its subsidiaries incur substantial impediments to the qualified IPO of the Company, which cannot be rectified in accordance with relevant laws and regulations or which the Company and its existing shareholders or controlling shareholders reject the rectification;
- (iii) Dr. Liu Heng loses control of the Company for any reason;
- (iv) any material breach of the investment agreement by Dr. Liu Heng and it cannot be rectified according to the Shareholders' requirement within a specific period;
- (v) any Shareholder raises a redemption request with no occurrence of any redemption event, and it has been agreed by the Company, the co-founders of the Company and Dr. Liu Heng;
- (vi) the Group or the co-founders of the Company undergo events that may cause significant obstacles to the qualified IPO of the Company or engage in significant actions that may cause significant loss to the interests of the Shareholders and which cannot be rectified within 60 days from receipt of the notification from the Shareholders; or
- (vii) any Shareholder elects to exercise its redemption right upon occurrence of any of the redemption events.

The redemption amount is calculated as the higher of (i) the original investment principal from the Shareholders with an annual simple interest rate of 10% of the original investment principal minus any dividends paid for a period of time commencing from the actual investment payment date to the actual settlement date of redemption amount and (ii) the net assets of the Company at the time of transfer attributable to the Shareholders according to the share percentage.

**(2) Liquidation preference**

If the Company goes into liquidation, the Shareholders shall have the right of liquidation preference to the other shareholders of the Company. The Shareholders shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the higher of the original issue price for each series equity share with an annual compound interest rate of 10% plus any dividends declared but unpaid or the liquidation assets available to the investors in proportion to its equity interest at that time thereon in the sequence as follows:

- (1) Series C Shares
- (2) Series B3 Shares and Series B2 Shares
- (3) Series B1 Shares
- (4) Series A Shares, Series A+ Shares and Series A++ Shares

**(3) Anti-dilution right**

If the Company increases its paid-in capital at a price lower than the price paid by the Shareholders on a per paid-in capital basis, the Shareholders have a right to require the Company to issue additional paid-in capital at the lowest issue price permitted by law to the Shareholders or receive cash compensation from the Company, the Shareholders also have a right to require the Controlling Shareholders to transfer shares to the investors at the lowest issue price permitted by law or receive cash compensation from the controlling shareholders, so that the total amount paid by the Shareholders divided by the total amount of the paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

*Presentation and Classification*

The redemption obligations give rise to financial liabilities, which are measured at the net present value of the redemption amount in the consolidated financial statements and presented as redemption liabilities on equity shares in the statements of financial position. Accordingly, the carrying amount of the financial liabilities of all redemption liabilities was derecognised upon the termination of the redemption features.

Pursuant to the investment agreements of Series C Shares entered into by the Company and all Shareholders, the redemption rights involving the Group as the obligor were automatically terminated from 30 May 2025 and such redemption rights will not be reinstated.

The movements of the redemption liabilities on equity shares included in financial liabilities at amortised cost as at 31 December 2024 and 2025 are set out below:

	As at 31 December	
	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of the year	270,472	358,738
Issuance of shares	60,000	223,771
Interest expense	28,266	15,033
Termination of redemption rights	–	(597,542)
At end of the year	<u>358,738</u>	<u>–</u>

**23. DEFERRED TAX**

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

**Deferred tax liabilities**

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2024	2,087
Deferred tax credited to profit or loss during the year	(467)
At 31 December 2024 and 1 January 2025	1,620
Deferred tax credited to profit or loss during the year	(931)
At 31 December 2025	<u>689</u>

**Deferred tax assets**

	Tax Losses	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	–	2,087	2,087
Deferred tax credit/(charged) to profit or loss during the year	162	(629)	(467)
At 31 December 2024 and 1 January 2025	162	1,458	1,620
Deferred tax credit/(charged) to profit or loss during the year	97	(1,028)	(931)
At 31 December 2025	<u>259</u>	<u>430</u>	<u>689</u>

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	-	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	-	-

The Group has accumulated tax losses in the Chinese mainland of RMB476,006,000 and RMB742,663,000 as at 31 December 2024 and 2025, respectively, which would expire within one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has unrecognised deductible temporary differences of RMB4,952,000 and RMB3,863,000 as at 31 December 2024 and 2025, respectively.

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

## 24. SHARE CAPITAL/PAID-IN CAPITAL

### The Group and the Company

Pursuant to the shareholders' resolutions dated 15 July 2025, the then existing shareholders of the Company approved the conversion of the Company into a joint stock company with limited liability with 60,000,000 shares in a nominal value of RMB1.00 each. The net assets of the Company as of 31 May 2025 were converted to 60,000,000 ordinary shares at RMB1.00 each and issued to the then shareholders of the Company in proportion to their capital contribution to the Company. The remaining amount was converted into share premium. Upon the completion of registration on 7 August 2025, the Company was converted into a joint stock company with limited liability.

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

	Paid-in capital/Share capital
	RMB'000
At 1 January 2024	7,658
Capital contributions by shareholders (i)	333
At 31 December 2024 and 1 January 2025	7,991
Capital contributions by shareholders (ii)	1,757
Conversion into a joint stock company	<u>50,252</u>
At 31 December 2025	<u>60,000</u>

(i) Pursuant to the share purchase agreement of the Series B2 Shares, shareholders of Series B2 Shares made capital injections of RMB30,000,000 and USD4,173,000 (equivalent to RMB30,000,000) in total into the Company in September 2024, among which RMB333,000 was credited to the Company's paid-in capital and the remaining RMB59,667,000 was credited to capital reserve.

(ii) Pursuant to the capital increase agreement in May 2022, certain ordinary shareholders agreed to made capital injections of a total amount of RMB40,000,000 into the Company and the capital injections were completed in May 2025, among which RMB666,000 was credited to the Company's paid-in capital and the remaining RMB39,334,000 was credited to capital reserve.

Pursuant to the share purchase agreement of the Series B3 Shares, shareholders of Series B3 Shares made a capital injection of RMB16,000,000 into the Company in March 2025, among which RMB82,000 was credited to the Company's paid-in capital and the remaining RMB15,918,000 was credited to capital reserve.

Pursuant to the share purchase agreement of the Series C Shares, shareholders of Series C Shares made capital injections of RMB134,600,000 and USD10,189,000 (equivalent to RMB73,200,000) into the Company in May 2025, among which RMB1,009,000 was credited to the Company's paid-in capital and the remaining RMB206,791,000 was credited to capital reserve.

## 25. RESERVES

## The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of change in equity on page I-6 of the Historical Financial Information.

## Share premium

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

## Share-based payment reserve

The share-based payment reserve represents the reserve arising from share-based payment transactions, further details of which are included in note 26 to the Historical Financial Information.

## Other reserve

Other reserve mainly represents recognition or termination of redemption liabilities on equity shares.

## The Company

	Capital reserve/ Share premium	Share-based payment reserve	Other reserve	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024 . . . . .	235,042	4,117	(237,700)	(201,676)	(200,217)
Capital contributions by shareholders . . . . .	59,667	-	-	-	59,667
Loss and total comprehensive loss for the year . . . . .	-	-	-	(136,761)	(136,761)
Recognition of redemption liabilities on equity shares . . . . .	-	-	(60,000)	-	(60,000)
Recognition of share-based payment expenses . . . . .	-	726	-	-	726
At 31 December 2024 and 1 January 2025 . . . . .	294,709	4,843	(297,700)	(338,437)	(336,585)
Capital contributions by shareholders . . . . .	262,014	-	-	-	262,014
Loss and total comprehensive loss for the year . . . . .	-	-	-	(171,841)	(171,841)
Recognition of redemption liabilities on equity shares . . . . .	-	-	(223,771)	-	(223,771)
Recognition of share-based payment expenses . . . . .	-	8,840	-	-	8,840
Termination of redemption rights . . . . .	-	-	597,542	-	597,542
Capitalisation issue (a) . . . . .	(375,642)	-	(76,071)	401,461	(50,252)
At 31 December 2025 . . . . .	181,081	13,683	-	(108,817)	85,947

- (a) On 7 August 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under PRC Generally Accepted Accounting Principles as of the conversion base date amounting to RMB241,081,000 were converted into 60,000,000 share capital at RMB1.00 each and RMB181,081,000 in share premium.

## 26. SHARE-BASED PAYMENT TRANSACTIONS

## Share Options

The Company established an employee incentive platform and operated a share option scheme for core employees which was adopted pursuant to the resolution passed in 2021 (the "2021 Scheme") for the purpose of providing incentives and rewards to eligible employees who contribute to the success of the Group's operations. In June 2025, the 2021 Scheme was cancelled and the expense not yet recognised for the share options was recognised immediately, treated as an acceleration of vesting on the date of cancellation.

Under the 2021 Scheme, the directors of the Company approved up to 796,000 options to be granted and in year of 2021, a total number of 152,434 options have been granted to eligible employees of the Group to subscribe for shares in the Company. The exercise price is RMB1.00 per option and the 2021 Scheme will expire in 5 years. The Group accounts for the 2021 Scheme as equity-settled plans. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No options have been granted during the Relevant Periods. The numbers of the share options outstanding as at 31 December 2024 and 2025 were 124,972 and nil, respectively.

The fair values of the options as at the grant dates were determined by using the Black-Scholes option pricing model. Major inputs used for the determination of the fair values of ordinary shares are listed as follows:

	<u>At grant dates</u>
Expected volatility	50.00%
Risk-free interest rate	3.00%
Dividend yield	—

During the years ended 31 December 2024 and 2025, share-based payment expenses of RMB726,000 and RMB2,383,000 were charged to profit or loss, respectively.

## Restricted share units (the "RSUs")

In 2025, the board of directors of the Company passed a resolution to adopted a share award scheme (the "RSUs Scheme") for the purpose of providing incentives and rewards to eligible employees and directors of the Company who contribute to the success of the Group's operations. Suzhou Taiwu holds the Company's paid-in capital of RMB796,000 (equal to 4,895,400 shares after conversion into a joint stock company), to implement the RSUs scheme, and under the RSUs Scheme, the eligible employees and directors shall subscribe for partnership interests of Suzhou Taiwu at a consideration price of RMB7.00 per registered capital (equal to RMB1.14 per share after conversion into a joint stock company) and indirectly hold the incentive shares of the Company.

Subject to the terms and conditions as set out in the RSUs Scheme, the RSUs are vested in the portions of 25%, 25%, 25% and 25% on the first, second, third and fourth anniversaries of the restricted share registration date, respectively. In addition to meeting the time-based vesting condition, the RSUs which shall vest also depends on the completion of public offering.

The fair value of services received in return for shares granted to employees and directors was measured by reference to the fair value of the shares granted and the subscription price paid by employees and directors. Details of the granted share units are as follows:

<u>Date of grant</u>	<u>Number of restricted share units</u>	<u>Subscription price per share unit</u>	<u>Fair value of the share units</u>
23 May 2025	<u>262,257</u>	<u>RMB7.00</u>	<u>RMB93.45</u>

The following RSUs were outstanding under the Scheme during the Relevant Periods:

	Number of RSUs
As at 1 January 2025	–
Granted during the year	<u>262,257</u>
As at 31 December 2025	<u>262,257</u>

The fair values of the restricted share units as at the grant date were determined with reference to the fair value of ordinary shares on the grant dates, using back-solve method. Major inputs used for the determination of the fair values of ordinary shares are listed as follows:

	At grant dates
Expected volatility	53.00%
Risk-free interest rate	1.52%
Dividend yield	–

During the two years ended 31 December 2024 and 2025, share-based payment expenses of nil and RMB6,457,000 were charged to profit or loss, respectively.

## 27. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### (a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,887,000 and nil in the consolidated statements of financial position as at 31 December 2024 and 2025, respectively.

During the year ended 31 December 2025, the Group had non-cash additions to other reserve of RMB597,542,000 in the consolidated statements of financial position as at 31 December 2025 due to the termination of redemption rights of the equity shares.

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

	Lease liabilities	Interest-bearing bank borrowings	Amounts due to a related party	Redemption liabilities on a subsidiary's shares	Redemption liabilities on equity shares	Accrued listing expenses included in trade and other payable
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	9,128	13,000	–	22,433	270,472	–
Additions	1,887	–	–	–	–	671
Changes from financing cash flows	(4,308)	24,070	20,000	–	60,000	–
Accretion of interest	329	807	388	1,203	28,266	–
Payment	–	–	–	–	–	(649)
At 31 December 2024 and 1 January 2025	<u>7,036</u>	<u>37,877</u>	<u>20,388</u>	<u>23,636</u>	<u>358,738</u>	<u>22</u>
Changes from financing cash flows	(4,308)	(3,859)	(20,682)	(23,990)	223,771	(2,406)
Termination of redemption rights	–	–	–	–	(597,542)	–
Accretion of interest	195	982	294	354	15,033	–
Addition in deferred listing expense	–	–	–	–	–	3,358
At 31 December 2025	<u>2,923</u>	<u>35,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>974</u>

## (c) Total cash outflow for leases

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

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Within operating activities	33	-
Within financing activities	4,308	4,308
Total	<u>4,341</u>	<u>4,308</u>

## 28. COMMITMENTS

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

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Contracted, but not provided for:		
Acquisition of property, plant and equipment	<u>197</u>	<u>1,245</u>

## 29. RELATED PARTY TRANSACTIONS

## Name and relationship of related parties

Name of related parties	Relationship
PharMab, Inc. (旭華(上海)生物研發中心有限公司) ("PharMab")	Controlled by a director of the Company
Dr. Liu Heng	The co-founder, chairman of the board, executive director, chief executive officer and general manager of the Company
Ms. Lu Nan	Spouse of Dr. Liu Heng

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

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Borrowings from PharMab	20,000	-
Interest expense to PharMab	388	294
Repayment of borrowings to PharMab	<u>-</u>	<u>20,682</u>

## (b) Other transactions with related parties

Dr. Liu Heng and Ms. Lu Nan have guaranteed certain bank loans made to the Group as disclosed in note 19, and the guarantee has been fully released in August 2025.

(c) Outstanding balances with related parties:

**The Group and the Company**

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
<b>Non-trade</b>		
Amounts due to a related party - PharMab	20,388	-

The amounts due to a related party, PharMab, including the loan principal and interest payable, were unsecured and repayable in March 2026. The interest is charged at 2.45% annually, and the principal and interest will be paid at maturity. The loan and its accrued interest were fully repaid by the Company in August 2025.

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

	Year ended 31 December	
	2024	2025
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	736	1,280
Pension scheme contributions	225	260
Share-based payment expenses	77	766
Total	1,038	2,306

Further details of directors', chief executive's and supervisor's emoluments are included in note 8 to the Historical Financial Information.

(e) Redemption rights of the pre-IPO investors granted by Dr. Liu Heng

Pursuant to the investment agreements of Series C Shares entered into by the Company and all Shareholders, the redemption rights involving the Group as the obligor were automatically terminated from 30 May 2025 and such redemption rights will not be reinstated. The redemption right involving Dr. Liu as the obligor was cease to be effective from the day before the listing application was submitted to the Stock Exchange, and the redemption right involving Dr. Liu as the obligor shall automatically be reinstated in the certain specific events, and all special rights involving Dr. Liu Heng as the obligor will be terminated upon the successfully listing on the Stock Exchange.

According to the management of the Company, there were no side agreements or arrangements between the Company and Dr. Liu Heng regarding the redemption rights of the pre-IPO investors, nor had the Company provided any form of guarantee in connection with any potential default or failure by Dr. Liu Heng to fulfil his obligations relating to such redemption rights. Although the Company was a signing party to the agreements entered into between the pre-IPO investors and Dr. Liu Heng, the Company had no connection or involvement in the arrangements concerning redemption rights between the pre-IPO investors and Dr. Liu Heng, nor did it bear any obligation to repurchase any Shares under such terms. As the Company has no obligation to repurchase the shares, no liability was recognized for the investments from the pre-IPO investors during the Relevant Periods.

### 30. FINANCIAL INSTRUMENTS BY CATEGORY

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

**Financial assets**

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Financial assets at FVTPL:		
Structured deposits	40,095	95,211
Financial assets at amortised cost:		
Financial assets included in prepayments, other receivables and other assets	1,193	1,208
Pledged deposits	1,990	-
Restricted cash	-	881
Cash and cash equivalents	66,624	95,051
Total	69,807	97,140

**Financial liabilities**

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Trade and other payables	25,315	42,447
Redemption liabilities on a subsidiary's shares	23,636	—
Redemption liabilities on equity shares	358,738	—
Amounts due to a related party	20,388	—
Interest-bearing bank borrowings	37,877	35,000
Total	465,954	77,447

**31. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, restricted cash, financial assets included in prepayments, other receivables and other assets, financial liabilities included in trade and other payables, redemption liabilities on a subsidiary's shares, redemption liabilities on equity shares and amounts due to a related party approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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

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

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

The fair value of redemption liabilities on a subsidiary's shares and equity shares is determined using the net present value of the redemption amount. Further details are set out in notes 21 and 22 to the Historical Financial Information.

**Fair value hierarchy**

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at FVTPL	—	40,095	—	40,095

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at FVTPL	=	95,211	=	95,211

### 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, restricted cash, financial assets at FVTPL, interest-bearing bank borrowings, redemption liabilities on equity shares and redemption liabilities on a subsidiary's shares. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as financial assets included in prepayments, other receivables and other assets, financial liabilities included in trade and other payables and amounts due to a related party, which arise directly from its operations.

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

#### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from financing activities by subsidiaries in currencies other than the subsidiaries' functional currencies. The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD and RMB exchange rates, with all other variables held constant, of the Group's loss before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	Increase/(decrease) in loss before tax	Increase/(decrease) in equity
	¥	RMB'000	RMB'000
31 December 2024			
If RMB weakens against USD	5	(1,508)	1,508
If RMB strengthens against USD	(5)	1,508	(1,508)
31 December 2025			
If RMB weakens against USD	5	(2,375)	2,375
If RMB strengthens against USD	(5)	2,375	(2,375)

#### Credit risk

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

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

**Maximum exposure and year-end staging**

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

The amounts presented are gross carrying amounts for financial assets.

**The Group****As at 31 December 2024**

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets — Normal*	1,193	—	—	—	1,193
Pledged deposits — Not yet past due	1,990	—	—	—	1,990
Cash and cash equivalents — Not yet past due	66,624	—	—	—	66,624
<b>Total</b>	<b>69,807</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>69,807</b>

**As at 31 December 2025**

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Financial assets included in prepayments, other receivables and other assets — Normal*	1,208	—	—	—	1,208
Restricted cash — Not yet past due	881	—	—	—	881
Cash and cash equivalents — Not yet past due	95,051	—	—	—	95,051
<b>Total</b>	<b>97,140</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>97,140</b>

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

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

**Liquidity risk**

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

**APPENDIX I****ACCOUNTANTS' REPORT**

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

**The Group**

	As at 31 December 2024		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and other payables . . . . .	25,315	—	25,315
Interest-bearing bank borrowings . . . . .	38,510	—	38,510
Redemption liabilities on a subsidiary's shares . . . . .	23,636	—	23,636
Redemption liabilities on equity shares . . . . .	—	473,184	473,184
Lease liabilities . . . . .	4,308	2,999	7,307
Amounts due to a related party . . . . .	—	20,980	20,980
<b>Total</b> . . . . .	<b>91,769</b>	<b>497,163</b>	<b>588,932</b>

	As at 31 December 2025		
	Less than 1 year or on demand	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and other payables . . . . .	42,447	—	42,447
Interest-bearing bank borrowings . . . . .	35,558	—	35,558
Lease liabilities . . . . .	2,184	814	2,998
<b>Total</b> . . . . .	<b>80,189</b>	<b>814</b>	<b>81,003</b>

**Capital management**

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

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

**33. EVENTS AFTER THE RELEVANT PERIODS**

There were no material subsequent events after the end of the Relevant Periods that require additional disclosure or adjustments.

**34. SUBSEQUENT FINANCIAL STATEMENTS**

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