The following is the text of a report set out on pages I-1 to I-65 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SICHUAN BIOKIN PHARMACEUTICAL CO., LTD., CITIC SECURITIES (HONG KONG) LIMITED, JEFFERIES HONG KONG LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND DEUTSCHE SECURITIES ASIA LIMITED

Introduction

We report on the historical financial information of 四川百利天恒藥業股份有限公司 (Sichuan Biokin Pharmaceutical Co., Ltd.) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-65 which comprises the consolidated statements of financial position of the Group as at December 31, 2024 and 2025 and March 31, 2026, the statements of financial position of the Company as at December 31, 2024 and 2025 and March 31, 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the two years ended December 31, 2024 and 2025 and the three months ended March 31, 2026 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-65 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "[**REDACTED**]") in connection with the [**REDACTED**] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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" as issued by the Hong Kong Institute of Certified Public Accountants (the "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 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 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 of the Company, 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 Group's financial position as at December 31, 2024 and 2025 and March 31, 2026, of the Company's financial position as at December 31, 2024 and 2025 and March 31, 2026 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended March 31, 2025 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing ("ISAs") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 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 13 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with ISAs as issued by the IAASB ("Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2024 *RMB'000*	Year ended December 31, 2025 *RMB'000*	Three months ended March 31, 2025 *RMB'000* *(unaudited)*	Three months ended March 31, 2026 *RMB'000*
Revenue	*5*	5,821,050	2,518,494	67,034	94,076
Cost of sales		(290,827)	(266,697)	(38,694)	(47,896)
Gross profit		5,530,223	2,251,797	28,340	46,180
Other income	*6*	253,953	270,603	64,524	64,893
Other gains and losses, net	*7*	94,310	(97,183)	(11,170)	(40,182)
Impairment losses under expected credit loss ("ECL") model, net of reversal	*8*	(2,191)	2,792	697	668
Research and development expenses		(1,442,789)	(2,513,725)	(494,913)	(694,755)
Distribution and selling expenses		(214,560)	(201,112)	(52,653)	(42,913)
Administrative expenses		(194,739)	(300,085)	(57,196)	(83,071)
Other expenses		(3,530)	(49,452)	(491)	(414)
Finance costs	*9*	(42,523)	(85,069)	(15,961)	(26,557)
Profit (loss) before tax		3,978,154	(721,434)	(538,823)	(776,151)
Income tax (expense) credit	*10*	(270,649)	(332,184)	7,387	1,593
Profit (loss) for the year/period attributable to owners of the Company	*11*	3,707,505	(1,053,618)	(531,436)	(774,558)
Other comprehensive income (expense):	*12*				
Items that may be reclassified subsequently to profit or loss:					
Fair value change on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		6	(103)	111	248
Exchange differences on translation from foreign operations		(604)	5,071	1,027	(15,753)
Total other comprehensive (expense) income for the year/period		(598)	4,968	1,138	(15,505)
Total comprehensive income (expense) for the year/period attributable to owners of the Company		3,706,907	(1,048,650)	(530,298)	(790,063)
Earnings (loss) per share (in RMB)	*15*				
Basic and diluted		9.25	(2.61)	(1.33)	(1.88)

STATEMENTS OF FINANCIAL POSITION

		The Group			The Company		
		As at December 31,		As at March 31,	As at December 31,		As at March 31,
	NOTES	2024	2025	2026	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS							
Property, plant and equipment	*16*	550,466	700,674	757,255	2,741	12,291	12,456
Right-of-use assets	*17*	65,145	166,714	169,242	2,109	1,277	984
Investment properties	*18*	1,343	1,093	1,031	–	–	–
Intangible assets	*19*	2,557	9,689	9,211	31	1,776	1,648
Deferred tax assets	*20*	179,195	38,212	53,564	–	–	–
Investments in subsidiaries	*47*	–	–	–	1,094,468	4,828,906	4,828,906
Deposits for acquisition of property, plant and equipment		31,447	40,696	49,550	–	199	201
		830,153	957,078	1,039,853	1,099,349	4,844,449	4,844,195
CURRENT ASSETS							
Inventories	*21*	149,906	146,310	144,680	1,326	4,889	3,902
Right to returned goods assets	*22*	6,414	4,835	5,268	1,486	828	849
Contract costs	*23*	12,286	–	–	–	–	–
Trade and other receivables	*24*	350,901	414,797	446,158	74,090	37,160	38,692
Tax recoverable		26,609	54,030	53,434	–	–	–
Amounts due from subsidiaries	*25*	–	–	–	1,662,599	2,520,429	2,259,643
Financial assets at fair value through profit or loss ("FVTPL")	*26*	–	2,170,047	2,167,821	–	–	–
Bills receivables at FVTOCI	*27*	20,118	21,617	9,627	9,204	3,072	707
Term deposits	*28*	2,532,974	2,504,331	4,216,686	–	–	–
Restricted bank balances	*28*	–	32,608	32,102	–	–	2
Cash and cash equivalents	*28*	3,207,998	5,142,149	2,929,931	54,585	37,294	11,140
		6,307,206	10,490,724	10,005,707	1,803,290	2,603,672	2,314,935
CURRENT LIABILITIES							
Borrowings	*29*	830,788	941,564	1,038,144	644,380	578,785	671,490
Trade and other payables	*30*	758,703	965,871	926,165	134,574	124,719	109,885
Amount due to a subsidiary	*31*	–	–	–	–	12,686	–
Contract liabilities	*32*	356,135	7,312	7,247	3,941	2,972	3,164
Refund liabilities	*22*	9,725	7,579	8,225	2,253	1,297	1,327
Sale and leaseback payable	*33*	7,735	–	–	–	–	–
Lease liabilities	*34*	12,457	23,900	28,383	940	637	637
Tax payable		14,130	–	–	–	–	–
Deferred income	*37*	4,983	8,456	7,637	–	–	–
		1,994,656	1,954,682	2,015,801	786,088	721,096	786,503
NET CURRENT ASSETS		4,312,550	8,536,042	7,989,906	1,017,202	1,882,576	1,528,432
TOTAL ASSETS LESS CURRENT LIABILITIES		5,142,703	9,493,120	9,029,759	2,116,551	6,727,025	6,372,627

		The Group			The Company		
		As at December 31,		As at March 31,	As at December 31,		As at March 31,
	NOTES	2024	2025	2026	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
CAPITAL AND RESERVES							
Share capital	*36*	401,000	412,874	412,874	401,000	412,874	412,874
Reserves	*36*	3,457,154	6,127,684	5,137,644	853,154	4,441,141	4,212,737
Equity attributable to owners of the Company		3,858,154	6,540,558	5,550,518	1,254,154	4,854,015	4,625,611
Non-controlling interests		27,771	82,116	93,200	–	–	–
TOTAL EQUITY		3,885,925	6,622,674	5,643,718	1,254,154	4,854,015	4,625,611
NON-CURRENT LIABILITIES							
Borrowings	*29*	1,189,430	2,615,960	3,110,490	861,430	1,867,680	1,741,663
Deferred tax liabilities	*20*	1,938	4,322	18,021	–	–	–
Lease liabilities	*34*	28,126	132,802	141,259	967	330	353
Deferred income	*37*	37,284	117,362	116,271	–	5,000	5,000
		1,256,778	2,870,446	3,386,041	862,397	1,873,010	1,747,016
		5,142,703	9,493,120	9,029,759	2,116,551	6,727,025	6,372,627

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital *RMB'000*	Capital reserve *RMB'000* *(Note i)*	Treasury shares *RMB'000*	FVTOCI reserve *RMB'000*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(Note ii)*	Share-based payments reserve *RMB'000*	(Accumulated loss) retained profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
As at January 1, 2024	401,000	966,896	–	(312)	1,438	13,537	626	(1,231,312)	151,873	–	151,873
Profit for the year	–	–	–	–	–	–	–	3,707,505	3,707,505	–	3,707,505
Other comprehensive income (expense) for the year	–	–	–	6	(604)	–	–	–	(598)	–	(598)
Total comprehensive income (expense) for the year	–	–	–	6	(604)	–	–	3,707,505	3,706,907	–	3,706,907
Share-based payments *(Note 43)*	–	–	–	–	–	–	(626)	–	(626)	27,771	27,145
As at December 31, 2024	401,000	966,896	–	(306)	834	13,537	–	2,476,193	3,858,154	27,771	3,885,925
Loss for the year	–	–	–	–	–	–	–	(1,053,618)	(1,053,618)	–	(1,053,618)
Other comprehensive (expense) income for the year	–	–	–	(103)	5,071	–	–	–	4,968	–	4,968
Total comprehensive (expense) income for the year	–	–	–	(103)	5,071	–	–	(1,053,618)	(1,048,650)	–	(1,048,650)
Placement of A shares *(Note 36)*	11,874	3,719,180	–	–	–	–	–	–	3,731,054	–	3,731,054
Share-based payments *(Note 43)*	–	–	–	–	–	–	–	–	–	54,345	54,345
As at December 31, 2025	412,874	4,686,076	–	(409)	5,905	13,537	–	1,422,575	6,540,558	82,116	6,622,674
Loss for the period	–	–	–	–	–	–	–	(774,558)	(774,558)	–	(774,558)
Other comprehensive income (expense) for the period	–	–	–	248	(15,753)	–	–	–	(15,505)	–	(15,505)
Total comprehensive income (expense) for the period	–	–	–	248	(15,753)	–	–	(774,558)	(790,063)	–	(790,063)
Repurchase of A shares *(Note 36)*	–	–	(199,977)	–	–	–	–	–	(199,977)	–	(199,977)
Share-based payments *(Note 43)*	–	–	–	–	–	–	–	–	–	11,084	11,084
As at March 31, 2026	412,874	4,686,076	(199,977)	(161)	(9,848)	13,537	–	648,017	5,550,518	93,200	5,643,718

	Attributable to owners of the Company										
	Share capital	**Capital reserve**	**Treasury shares**	**FVTOCI reserve**	**Translation reserve**	**Statutory reserve**	**Share-based payments reserve**	**(Accumulated loss) retained profits**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000* *(Note i)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025	401,000	966,896	–	(306)	834	13,537	–	2,476,193	3,858,154	27,771	3,885,925
Loss for the period	–	–	–	–	–	–	–	(531,436)	(531,436)	–	(531,436)
Other comprehensive income for the period	–	–	–	111	1,027	–	–	–	1,138	–	1,138
Total comprehensive income (expense) for the period	–	–	–	111	1,027	–	–	(531,436)	(530,298)	–	(530,298)
Share-based payments *(Note 43)*	–	–	–	–	–	–	–	–	–	15,801	15,801
As at March 31, 2025 *(unaudited)*	401,000	966,896	–	(195)	1,861	13,537	–	1,944,757	3,327,856	43,572	3,371,428

Notes:

(i) The capital reserve as at January 1, 2024 comprised (i) the effect of group reorganization in prior years of RMB122,599,000 and (ii) the proceeds from issue of A shares of RMB844,297,000 in December 2022.

(ii) According to the relevant laws in the People's Republic of China (the "PRC"), companies established in the PRC with limited liability are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of their respective registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
OPERATING ACTIVITIES				
Profit (loss) before tax	3,978,154	(721,434)	(538,823)	(776,151)
Adjustments for:				
Interest income on bank deposits	(206,087)	(226,335)	(58,709)	(55,594)
Loss on bills receivables at FVTOCI reclassified from equity upon derecognition	312	306	306	409
Loss on disposal/written-off of property, plant and equipment	223	3,329	464	951
Impairment losses under ECL model, net of reversal	2,191	(2,792)	(697)	(668)
Allowance for inventories	19,354	26,696	3,992	3,105
Gain on fair value change of financial assets at FVTPL	(30,675)	(4,174)	–	(104,345)
Depreciation of property, plant and equipment	68,432	84,990	17,345	23,800
Depreciation of investment properties	250	250	62	62
Depreciation of right-of-use assets	12,478	22,829	3,949	9,483
Amortization of intangible assets	1,768	2,275	251	639
Finance costs	42,523	85,069	15,961	26,557
Other expenses	–	47,504	–	–
Net foreign exchange (gain) loss	(63,882)	97,735	10,706	142,623
Share-based payments expenses	27,145	54,345	15,801	11,084
Release of assets-related government subsidies	(1,856)	(6,144)	(1,246)	(1,910)
Release of expense-related government subsidies	(2,843)	–	–	–
Operating cash flows before movements in working capital	3,847,487	(535,551)	(530,638)	(719,955)
Increase in inventories	(28,352)	(23,100)	(34,742)	(1,475)
(Increase) decrease in bills receivables at FVTOCI	(710)	(1,908)	5,418	11,829
Increase in trade and other receivables	(109,040)	(97,890)	(6,668)	(27,802)
(Increase) decrease in right to returned goods asset	(463)	1,579	933	(433)
(Increase) decrease in contract costs	(12,286)	12,286	–	–
Increase (decrease) in trade and other payables	183,150	186,607	15,358	(41,112)
(Decrease) increase in refund liabilities	(1,468)	(2,146)	(1,407)	646
Decrease in amount due to a related party	(14)	–	–	–
Increase in deferred income	–	62,250	–	–
Increase (decrease) in contract liabilities	347,463	(348,823)	3,640	(65)
Cash generated from (used in) operations	4,225,767	(746,696)	(548,106)	(778,367)
Income tax (paid) refunded	(383,950)	(230,368)	8,935	(60)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	3,841,817	(977,064)	(539,171)	(778,427)
INVESTING ACTIVITIES				
Assets-related government subsidies received	31,339	27,445	5,000	–
Interest on bank balances received	173,357	152,514	44,275	25,670
Purchase of property, plant and equipment and intangible assets	(83,879)	(262,800)	(28,623)	(89,348)
Proceeds from disposal of property, plant and equipment	14	676	56	407

	Year ended December 31, 2024	Year ended December 31, 2025	Three months ended March 31, 2025	Three months ended March 31, 2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Purchase of financial assets at FVTPL	(1,619,270)	(2,900,288)	–	(3,235,164)
Proceeds from disposal of financial assets at FVTPL	1,649,945	750,461	–	3,341,735
Placement of term deposits	(2,713,642)	(4,587,562)	–	(3,592,221)
Withdrawal from term deposits	201,275	4,699,899	238,444	1,906,899
Placement of restricted bank balances	(40,510)	(886,302)	–	(200,000)
Withdrawal from restricted bank balances	52,780	853,694	–	199,998
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(2,348,591)	(2,152,263)	259,152	(1,642,024)
FINANCING ACTIVITIES				
Interest paid	(40,684)	(80,146)	(15,706)	(23,398)
New bank borrowings raised	1,903,930	2,403,550	1,010,000	781,000
Repayment of bank borrowings	(518,960)	(866,550)	(238,300)	(190,270)
Repayment of lease liabilities	(9,568)	(12,896)	(2,117)	(1,850)
Repayment of sale and leaseback payable	(41,331)	(7,735)	(7,735)	–
Proceeds from placement of A shares	–	3,732,288	–	–
Payments for repurchase of A shares	–	–	–	(199,977)
Transaction costs attributable to placement of A shares	–	(1,234)	–	–
[**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
NET CASH FROM FINANCING ACTIVITIES	1,273,891	5,156,223	739,010	365,505
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,767,117	2,026,896	458,991	(2,054,946)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	391,693	3,207,998	3,207,998	5,142,149
Effect of foreign exchange rate changes	49,188	(92,745)	(5,887)	(157,272)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	3,207,998	5,142,149	3,661,102	2,929,931
Represented by:				
Bank balances and cash	776,818	3,636,179	2,168,077	1,173,738
Certificates of deposit	2,431,180	1,505,970	1,493,025	1,756,193
	3,207,998	5,142,149	3,661,102	2,929,931

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

The Company was established in the PRC in 2006 as a limited liability company under the Company Law of the PRC. On January 6, 2023, the Company's shares were listed on Shanghai Stock Exchange (the "A Share Listing"). The Company's ultimate controlling party is Dr. Zhu Yi (朱義), who is also the chairman and the chief executive of the Company. The respective addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document.

The Company and together with other group entities engage in the businesses of innovative drug research and development, and manufacture and sale of pharmaceutical products. The principal operations and geographic markets of the Company and its subsidiaries are primarily the PRC and in the United States of America (the "U.S.").

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB. Further details of the material accounting policy information are set out in Note 3.

The Historical Financial Information is presented in RMB, which is the currency of the primary economic environment in which the Company operates.

2. APPLICATION OF IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on January 1, 2026, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to IAS 28	Amendments to the Fair Value Option for Investments in Associates and Joint Ventures[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
IFRS 20	Regulatory Assets and Regulatory Liabilities[3]

1 Effective for annual periods beginning on or after a date to be determined

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

3 Effective for annual periods beginning on or after January 1, 2029

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (the title of which will be changed to "Basis of Preparation of Financial Statements" upon effective of IFRS 18) and IFRS 7 "Financial Instruments Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

Except as described above, the directors of the Company anticipate that the application of all the other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5, 22 and 32.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 "Revenue from Contracts with Customers" to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognize the assets and accounts for the transfer proceeds as sale and leaseback payable within the scope of IFRS 9 "Financial Instruments".

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognized at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognized in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Government grants related to expenses are recognized as deferred income when the grants are received or become receivable before the related expenses are incurred. The deferred income is recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related cost that the grants are intended to compensate. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

The Group participates in government-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-marketing vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity included in share-based payments reserve. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes to the same taxable entity levied by the same taxation authority.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses, if any.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress as described below. Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities is recognized if, and only if, all of the following have been demonstrated:

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

The amount initially recognized for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment on property, plant and equipment, right-of-use assets, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, investment properties and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

(a) cash, which comprises of cash on hand and demand deposits; and

(b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost and bills receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these bills receivables had been measured at amortized cost. All other changes in the carrying amount of these bills receivables are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, amounts due from subsidiaries, term deposits, restricted bank balances, bank balances, certificates of deposit and bills receivables at FVTOCI) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognizes lifetime ECL for trade receivable.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a bill receivable has not increased significantly since initial recognition if the bill receivable is determined to have low credit risk at the reporting date. A bill receivable is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a bill receivable to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for not credit-impaired trade receivables are assessed on a collective basis, taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Repayment history; and
- Nature, size and industry of debtor.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

Except for investments in bills receivables that are measured at FVTOCI, the Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, bills receivables and other receivables where the corresponding adjustment is recognized through a loss allowance account. For bills receivables classified as at FVTOCI, the loss allowance is recognized in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amount of these bills receivables. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of an investment in a bill receivable at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Financial liabilities at amortized cost

All financial liabilities including borrowings, sale and leaseback payable, trade and other payables and amount due to a subsidiary are subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Key sources of estimation uncertainties

Recognition of deferred tax assets

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

The information about the Group's deferred tax assets is disclosed in Note 20.

Provision of ECL for trade receivables

Trade receivables which considered credit-impaired are assessed on individual basis. In addition, the Group uses collective assessment to calculate ECL for trade receivables balances which are not assessed individually at the end of each reporting period. The ECL rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The collective assessment is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort.

At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the Group's trade receivables and the related ECL disclosures are disclosed in Notes 24 and 44, respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue

	Year ended December 31,		Three months ended March 31,	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Type of goods or services				
Sale of pharmaceutical products:				
– Distributors	483,783	375,600	59,341	91,292
– Direct sales to retail pharmacies	2,976	4,475	1,164	689
Others	2,567	14,066	6,529	2,095
	489,326	394,141	67,034	94,076
License fee income:				
– Grant of license	5,331,724	1,776,374	–	–
– Transfer of manufacturing technology	–	347,979	–	–
	5,331,724	2,124,353	–	–
Total	5,821,050	2,518,494	67,034	94,076
Timing of revenue recognition				
At point in time	5,821,050	2,518,494	67,034	94,076

Performance obligations for contracts with customers and revenue recognition policies

Sale of pharmaceutical products

Revenue from the sale of pharmaceutical products is recognized at point in time when control of the goods has transferred, being when the goods have been shipped to the specific location and accepted, the customers have the primary responsibility for the risks of obsolescence and loss in relation to the goods while it can request return or refund only if the goods delivered do not meet the required quality standards.

At the point of sale, a corresponding adjustment to revenue is made for those products expected to be returned. The Group estimates the future sales return of the products sold based on the historical experience. A refund liability is recognized for sales in which revenue has yet to be recognized. Right to returned goods asset (and corresponding adjustment to cost of sales) is recognized for right to recover products from customers on settling the refund liability.

The credit period granted to customers by the Group is determined based on the characteristics of customers' credit risk and there is no significant financing component. For customers with long-term relationships, the normal credit term granted ranges from 30 to 120 days upon delivery.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. All the contracts that are unsatisfied are for periods of one year or less. As the Group applies the practical expedient in IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Under the standard contract terms, customers have a right to receive rebates. The Group uses its accumulated historical experience to estimate the amount of consideration to which it will be entitled using the most likely amount.

License fee income

In December 2023, the Group entered into an agreement with an independent third party pursuant to which the Group granted to the counterparty, amongst others, primarily an exclusive right of development and further commercialization of iza-bren in the rest of the world except in the PRC and the U.S.. In addition, the Group entered into collaboration arrangement with the counterparty for the development and commercialization activities of iza-bren in the U.S. on which the contributions/rewards in relation to the activities are determined based on a fixed percentage of costs/profits to be incurred/generated in the future. In the opinion of the management, the collaboration arrangement constitutes a joint arrangement on which the Group shares the risks and benefits associated with such activities in the U.S..

Iza-bren, internally discovered and developed, is the bispecific antibody-drug conjugates intended for the treatment of various solid tumors. The consideration for the agreement comprises a fixed element (a non-refundable and non-creditable upfront payment of US Dollar ("USD") 800,000,000 (equivalent to approximately RMB5,679,703,000) (the "Upfront Payment"), several variable elements (i.e. further payments according to timing in achievements of various clinical trial milestones, regulatory milestones, sales milestones and sales-based royalties).

The Group determined that the consideration for the Upfront Payment relates to two performance obligations: (1) the grant of license and (2) the transfer of manufacturing technology relating to the process for the manufacture of iza-bren and its related products. The Group allocates the total transaction price of the Upfront Payment into two performance obligations based on estimation of the standalone selling price for the transfer of manufacturing technology, which a customer in the market would be willing to pay, and then applying residual approach in the estimation of standalone selling price for the grant of license.

The revenue for grant of license, which represents a right to use the Group's intellectual property, is recognized at a point in time at which the license transfers. The transfer of license to the customer was completed in March 2024 and the Group recognized revenue of USD751,000,000 (equivalent to approximately RMB5,331,724,000) in relation to the grant of license for the year ended December 31, 2024. The remaining transaction price of USD49,000,000 (equivalent to approximately RMB347,979,000) is allocated to the performance obligation of transferring manufacturing technology and is initially recognized as contract liability. The revenue for transfer of manufacturing technology is recognized at a point in time at which the manufacturing technology was accepted by the customer. The transfer of manufacturing technology was completed in December 2025 and the contract liability of USD49,000,000 (equivalent to approximately RMB347,979,000) was credited against revenue of the Group for the year ended December 31, 2025 accordingly.

During the year ended December 31, 2025, the Group recognized revenue of USD250,000,000 (equivalent to approximately RMB1,776,374,000) in respect of the variable consideration for the performance obligation of the granting of license relating to achievements of certain clinical trial milestones, taken into account that the uncertainty associated with the variable consideration is resolved upon initiation of global Phase II/III trials of iza-bren in September 2025 and it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The above arrangement is set out in "Iza-bren (EGFR × HER3 bispecific ADC), Our Core Product" under the section "Business" of the Document.

Segment information

For the purposes of resources allocation and performance assessment, Dr. Zhu Yi, the chairman and the chief executive of the Company, being the chief operating decision maker, reviews the consolidated results and financial position when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

Entity-wide disclosures

Geographical information

An analysis of the Group's revenue from external customers, analyzed by their respective country of domicile, is detailed below:

	Year ended December 31,		**Three months ended March 31,**	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue				
– PRC	486,759	381,576	60,505	91,981
– U.S.	5,334,291	2,136,918	6,529	2,095
Total	5,821,050	2,518,494	67,034	94,076

Information about the Group's non-current assets by geographical location of the assets is presented below:

	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets *(Note)*			
– PRC	618,500	786,001	840,332
– U.S.	32,458	132,865	145,957
Total	650,958	918,866	986,289

Note: Non-current assets excluding deferred tax assets.

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group for each reporting period is as below:

	Type of revenue	Year ended December 31, 2024	Year ended December 31, 2025	Three months ended March 31, 2025	Three months ended March 31, 2026
		RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Customer A	License fee income and others	5,334,291	2,136,918	#	#
Customer B	Sale of pharmaceutical products	#	#	11,771	18,064
Customer C	Sale of pharmaceutical products	#	#	10,172	14,782

\# Less than 10% of total revenue for the corresponding reporting period.

6. OTHER INCOME

	Year ended December 31, 2024	Year ended December 31, 2025	Three months ended March 31, 2025	Three months ended March 31, 2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income on bank deposits	206,087	226,335	58,709	55,594
Rental and rental-related income	1,668	1,619	406	511
Government grants *(Note)*	39,958	36,321	4,162	6,866
Release of expense-related government subsidies *(Note 37)*	2,843	–	–	–
Release of assets-related government subsidies *(Note 37)*	1,856	6,144	1,246	1,910
Others	1,541	184	1	12
Total	253,953	270,603	64,524	64,893

Note: The government grants recognized mainly represent subsidies granted by the PRC local authorities to support the operation activities of the Group, in which no future related cost is expected to be incurred. The government grants with no unfulfilled conditions are recognized when payments were received or became receivable.

7. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Losses on disposal/written-off of property, plant and equipment	(223)	(3,329)	(464)	(951)
Gains on fair value change of financial assets at FVTPL	30,675	4,174	–	104,345
Net foreign exchange gain (loss)	63,882	(97,735)	(10,706)	(142,623)
Others	(24)	(293)	–	(953)
Total	94,310	(97,183)	(11,170)	(40,182)

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Impairment losses (reversed)/recognized on:				
– bills receivables	(413)	(47)	(9)	42
– trade receivables	579	(1,647)	(1,273)	(192)
– other receivables	2,025	(1,098)	585	(518)
Total	2,191	(2,792)	(697)	(668)

Details of impairment assessment are set out in Note 44.

9. FINANCE COSTS

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest expense on:				
– bank borrowings	40,202	78,690	15,657	23,175
– sale and leaseback payable	1,117	5	5	–
– lease liabilities	1,204	6,374	299	3,382
Total	42,523	85,069	15,961	26,557

10. INCOME TAX EXPENSE (CREDIT)

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
PRC Enterprise Income Tax ("EIT")				
– current tax	145,621	1,024	–	–
– under (over) provision in prior years	1,817	(2,613)	–	–
U.S. Corporate Income Tax ("CIT")	224,285	190,429	6,924	60
Deferred tax *(Note 20)*	(101,074)	143,344	(14,311)	(1,653)
	270,649	332,184	(7,387)	(1,593)

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Company and its subsidiaries established in the PRC (other than those as described below) is 25% for the Track Record Period.

拉薩新博藥業有限責任公司 (Lhasa Xinbo Pharmaceutical Co., Ltd.*) ("Lhasa Xinbo") and 成都百利多特生物藥業有限責任公司 (Baili-Bio (Chengdu) Pharmaceutical Co., Ltd.*) ("Baili-Bio") that are engaged in the "Encouraged Industries in the Western Region" are eligible for the preferential EIT rate at 15% for the Track Record Period.

On December 12, 2023, the "Certificate of New Hi-tech Enterprise" was granted to 四川百利藥業有限責任公司 (Sichuan Baili Pharmaceutical Co., Ltd.*) ("Baili Pharmaceutical") and 四川國瑞藥業有限責任公司 (Sichuan Guorui Pharmaceutical Co., Ltd.*) ("Guorui Pharmaceutical"), respectively, with a valid period of three years. Hence, Baili Pharmaceutical and Guorui Pharmaceutical are eligible for the preferential EIT rate of 15% for the Track Record Period.

成都海亞特科技有限責任公司 (Chengdu Hiatt Technology Co., Ltd.*) ("Hiatt Technology"), 拉薩天澤藥業有限責任公司 (Lhasa Tianze Pharmaceutical Co., Ltd.*) ("Tianze Pharmaceutical"), 成都諾芯生物科技有限公司 (Chengdu Nuoxin Biotech Co., Ltd.*) ("Nuoxin Bio"), 百利天恒(上海)生物醫藥科技有限責任公司 (Biokin (Shanghai) Biotech Co., Ltd.*) ("Biokin Bio") and 成都玉顏芪生物科技有限責任公司 (Chengdu Yuyanqi Biotech Co., Ltd.*) ("Yuyanqi Bio") are qualified as small and micro enterprises and are eligible for the preferential EIT rate at 20% for the Track Record Period.

SystImmune, INC. ("SystImmune"), a wholly-owned subsidiary of the Company incorporated in the U.S., is subject to U.S. CIT representing 21% of the applicable U.S. Federal Income Tax rate for the Track Record Period. SystImmune is also subject to a blended average rate of 0.3%, 0.25% and 0.25%, respectively, of the State Income Tax arising from applicable states in the U.S. for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2026.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

* *English name for identification only*

The taxation for the years/periods can be reconciled to the profit (loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit (loss) before tax	3,978,154	(721,434)	(538,823)	(776,151)
Tax expense (credit) at the PRC EIT rate of 25%	994,539	(180,359)	(134,706)	(194,038)
Income tax at concessionary rate	(436,750)	84,118	26,703	51,470
Under (over) provision in prior years	1,817	(2,613)	–	–
Tax effect of expenses not deductible for tax purposes	9,184	8,065	2,912	1,854
Utilization of tax losses or deductible temporary differences previously not recognized	(367,033)	(26,260)	(753)	(589)
Tax effect of tax losses or deductible temporary differences not recognized	434,728	607,331	143,339	190,213
Reversal of previously recognized deferred tax assets	40,854	31,723	–	–
Extra deduction of research and development expenses	(131,908)	(189,781)	(43,903)	(49,373)
Tax effect of income not taxable for tax purpose *(Note)*	(275,608)	–	–	–
Others	826	(40)	(979)	(1,130)
Income tax expense (credit)	270,649	332,184	(7,387)	(1,593)

Note: Pursuant to the relevant tax rules and regulation in the PRC, certain revenue generated from license income which was categorized as a technology transfer by the relevant tax authority and such portion of revenue was partially exempted from EIT.

11. PROFIT (LOSS) FOR THE YEAR/PERIOD

Profit (loss) for the year/period has been arrived at after charging:

	Year ended December 31,		Three months ended March 31,	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Depreciation of property, plant and equipment	68,432	84,990	17,345	23,800
Depreciation of investment properties	250	250	62	62
Depreciation of right-of-use assets	12,478	22,829	3,949	9,483
Total depreciation	81,160	108,069	21,356	33,345
Capitalized in inventories	(20,422)	(21,603)	(5,668)	(5,510)
	60,738	86,466	15,688	27,835
Amortization of intangible assets	1,768	2,275	251	639
Staff costs				
Directors', chief executive's and supervisors' remuneration *(Note 14)*	19,941	54,642	14,034	10,519
Other staff costs	456,070	706,494	119,348	190,546
Other staffs' benefit	83,024	133,845	27,669	40,719
Other staffs' share-based payments	20,932	20,770	6,895	5,177
Total staff costs	579,967	915,751	167,946	246,961
Capitalized in inventories	(59,400)	(78,475)	(6,071)	(8,503)
	520,567	837,276	161,875	238,458
Expenses incurred in connection with the suspended [**REDACTED**] recognized as other expenses *(Note i)*	–	47,504	–	–
Cost of inventories recognized as expenses *(Note ii)*	244,960	231,136	33,757	42,954

Notes:

(i) In November 2025, the Company announced the suspension of the [**REDACTED**] on the Stock Exchange due to market conditions. Taken into account that the Company had abandoned the previous plan of [**REDACTED**] H shares on the Stock Exchange, the deferred share [**REDACTED**] costs amounted to RMB47,504,000, which were previously capitalized and included in trade and other receivables, were fully credited against other expense during the year ended December 31, 2025.

(ii) The amount includes allowance for inventories amounted to RMB19,354,000 and RMB26,696,000, RMB3,992,000 (unaudited) and RMB3,105,000 for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively.

12. OTHER COMPREHENSIVE (EXPENSE) INCOME

	Year ended December 31,		Three months ended March 31,	
	2024	**2025**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Other comprehensive (expense) income includes:				
Items that may be reclassified subsequently to profit or loss:				
Fair value change arising from bills receivables at FVTOCI	(306)	(409)	(195)	(161)
Reclassification to profit or loss during the year/period upon derecognition of bills receivables at FVTOCI	312	306	306	409

	Year ended December 31, 2024	Year ended December 31, 2025	Three months ended March 31, 2025	Three months ended March 31, 2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Exchange differences on translation of foreign operations	(604)	5,071	1,027	(15,753)
	(598)	4,968	1,138	(15,505)

	Year ended December 31, 2024			Year ended December 31, 2025		
	Before-tax amount	**Tax credit**	**Net-of-tax amount**	**Before-tax amount**	**Tax charge**	**Net-of-tax amount**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Items that may be reclassified subsequently to profit or loss:						
Fair value gain (loss) on bills receivables at FVTOCI	–	6	6	(80)	(23)	(103)
Exchange differences on translation from foreign operations	(604)	–	(604)	5,071	–	5,071
	(604)	6	(598)	4,991	(23)	4,968

	Three months ended March 31, 2025			Three months ended March 31, 2026		
	Before- tax amount	**Tax charge**	**Net-of- tax amount**	**Before- tax amount**	**Tax credit**	**Net-of- tax amount**
	RMB'000 *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000* *(unaudited)*	*RMB'000*	*RMB'000*	*RMB'000*
Items that may be reclassified subsequently to profit or loss:						
Fair value gain (loss) on bills receivables at FVTOCI	112	(1)	111	248	–	248
Exchange differences on translation from foreign operations	1,027	–	1,027	(15,753)	–	(15,753)
	1,139	(1)	1,138	(15,505)	–	(15,505)

13. DIVIDENDS

No dividend was declared or paid by the Company to ordinary shareholders of the Company during or subsequent to the Track Record Period.

14. DIRECTORS', CHIEF EXECUTIVE'S, SUPERVISORS' AND EMPLOYEES' EMOLUMENTS

Directors', chief executive's and supervisors' emoluments

Directors', chief executive's and supervisors' remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2024

	Fees	**Basic salaries**	**Performance related bonuses**	**Retirement benefit**	**Share-based payments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(Note 43)*	*RMB'000*
Executive directors:						
Dr. Zhu Yi *(Note i)*	–	3,327	–	64	4,868	8,259
Ms. Zhang Suya *(Note ii)*	–	1,000	–	–	–	1,000
Mr. Zhu Xi *(Note iii)*	–	50	–	7	–	57
Mr. Kang Jian	–	703	–	88	–	791
Mr. Zhuo Shi	–	1,657	–	88	–	1,745
Dr. Zhu Hai^ *(Note iv)*	–	4,269	1,421	83	1,345	7,118

	Fees *RMB'000*	Basic salaries *RMB'000*	Performance related bonuses *RMB'000*	Retirement benefit *RMB'000*	Share-based payments *RMB'000* *(Note 43)*	Total *RMB'000*
Independent non-executive directors:						
Mr. Li Mingyuan	120	–	–	–	–	120
Mr. Yu Xiong	120	–	–	–	–	120
Mr. Yang Min	120	–	–	–	–	120
Dr. Xiao Geng *(Note v)*	60	–	–	–	–	60
Supervisors:						
Mr. Liu Liang	–	187	–	42	–	229
Ms. Wang Jie	–	114	–	33	–	147
Ms. Fu Ting	–	137	–	38	–	175
	420	11,444	1,421	443	6,213	19,941

Year ended December 31, 2025

	Fees *RMB'000*	Basic salaries *RMB'000*	Retirement benefit *RMB'000*	Share-based payments *RMB'000* *(Note 43)*	Total *RMB'000*
Executive directors:					
Dr. Zhu Yi *(Note i)*	–	7,869	77	26,143	34,089
Ms. Zhang Suya *(Note ii)*	–	2,570	–	–	2,570
Mr. Kang Jian *(Note vi)*	–	673	69	–	742
Mr. Zhuo Shi	–	1,990	92	–	2,082
Dr. Zhu Hai	–	6,199	74	7,432	13,705
Dr. Wan Weili *(Note vi)*	–	558	31	–	589
Independent non-executive directors:					
Mr. Li Mingyuan	120	–	–	–	120
Mr. Yu Xiong *(Note vi)*	90	–	–	–	90
Mr. Yang Min *(Note vi)*	90	–	–	–	90
Dr. Xiao Geng	120	–	–	–	120
Dr. Dai Zewei *(Note vi)*	30	–	–	–	30
Supervisors:					
Mr. Liu Liang *(Note vii)*	–	143	43	–	186
Ms. Wang Jie *(Note vii)*	–	85	26	–	111
Ms. Fu Ting *(Note vii)*	–	86	32	–	118
	450	20,173	444	33,575	54,642

Three months ended March 31, 2026

	Fees *RMB'000*	Basic salaries *RMB'000*	Retirement benefit *RMB'000*	Share-based payments *RMB'000* *(Note 43)*	Total *RMB'000*
Executive directors:					
Dr. Zhu Yi *(Note i)*	–	1,469	18	4,600	6,087
Ms. Zhang Suya *(Note ii)*	–	643	–	–	643
Mr. Zhuo Shi	–	551	23	–	574
Dr. Zhu Hai	–	1,244	14	1,307	2,565
Dr. Wan Weili	–	537	23	–	560
Independent non-executive directors:					
Mr. Li Mingyuan	30	–	–	–	30
Dr. Xiao Geng	30	–	–	–	30
Dr. Dai Zewei	30	–	–	–	30
	90	4,444	78	5,907	10,519

Three months ended March 31, 2025 (unaudited)

	Fees *RMB'000*	**Basic salaries** *RMB'000*	**Retirement benefit** *RMB'000*	**Share-based payments** *RMB'000* *(Note 43)*	**Total** *RMB'000*
Executive directors:					
Dr. Zhu Yi *(Note i)*	–	1,608	51	6,936	8,595
Ms. Zhang Suya *(Note ii)*	–	643	–	–	643
Mr. Kang Jian	–	439	23	–	462
Mr. Zhuo Shi	–	438	23	–	461
Dr. Zhu Hai	–	1,567	71	1,970	3,608
Independent non-executive directors:					
Mr. Li Mingyuan	30	–	–	–	30
Mr. Yu Xiong	30	–	–	–	30
Mr. Yang Min	30	–	–	–	30
Dr. Xiao Geng	30	–	–	–	30
Supervisors:					
Mr. Liu Liang	–	47	14	–	61
Ms. Wang Jie	–	28	9	–	37
Ms. Fu Ting	–	36	11	–	47
	120	4,806	202	8,906	14,034

^ The executive director of the Company is entitled to bonus payments which are determined based on a percentage of the Group's milestone payments from certain customer.

Notes:

(i) Dr. Zhu Yi is the executive director and the chief executive of the Company.

(ii) Ms. Zhang Suya is the executive director and the chief financial officer of the Company.

(iii) Mr. Zhu Xi resigned as the executive director of the Company on January 30, 2024.

(iv) Dr. Zhu Hai was appointed as the executive director of the Company on February 19, 2024.

(v) Dr. Xiao Geng was appointed as the independent non-executive director of the Company on July 8, 2024.

(vi) Mr. Kang Jian tendered his resignation as an executive director and Mr. Yu Xiong and Mr. Yang Min tendered their resignations as independent non-executive directors on September 29, 2025, respectively, whereas Dr. Wan Weili and Dr. Dai Zewei were appointed as an executive director and an independent non-executive director on the same day, respectively.

(vii) The shareholders of the Company adopted a resolution on September 29, 2025 pursuant to which the board of supervisors were cancelled in accordance with recent regulations of the Company Law of the PRC and thus Mr. Liu Liang, Ms. Wang Jie and Ms. Fu Ting terminated their tender as supervisors of the Company on the same day.

Dr. David Guowei Wang is a non-executive director of the Company and agreed to waive his remuneration for the Track Record Period.

The emoluments of executive directors shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Group, respectively. The performance related bonuses were determined by the management of the Group by reference to the performance.

Five individuals with the highest emoluments

The five highest paid individuals of the Group included 2, 2, 2 (unaudited) and 2 directors for the years ended December 31, 2024 and 2025, and the three months ended March 31, 2025 and 2026, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining 3, 3, 3 (unaudited) and 3 individuals for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, respectively, are as follows:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, wages and allowance	9,936	12,640	3,223	3,402
Performance related bonuses	6,845	6,873	1,818	–
Retirement benefit	88	197	100	62
	16,869	19,710	5,141	3,464

The number of the highest paid employees who are not the directors nor the supervisors of the Company whose remuneration fell within the following bands is as follows:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	Number of employees	*Number of employees*	*Number of employees (unaudited)*	*Number of employees*
Emolument bands				
Nil to Hong Kong Dollar ("HK$") 1,000,000	–	–	1	1
HK$1,500,001 to HK$2,000,000	–	–	–	2
HK$2,000,001 to HK$2,500,000	–	–	2	–
HK$3,500,001 to HK$4,000,000	1	1	–	–
HK$6,500,001 to HK$7,000,000	1	–	–	–
HK$7,500,001 to HK$8,000,000	1	–	–	–
HK$8,000,001 to HK$8,500,000	–	1	–	–
HK$9,500,001 to HK$10,000,000	–	1	–	–
	3	3	3	3

No emoluments were paid by the Group to the directors, the supervisors of the Company or the five highest paid individuals (including directors and employees), as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. Except for aforesaid Dr. David Guowei Wang, there was none of other directors or supervisors waived any emoluments during the Track Record Period.

15. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Earnings (loss) for the year/period:				
Earnings (loss) for the purpose of basic earnings (loss) per share	3,707,505	(1,053,618)	(531,436)	(774,558)
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	401,000	403,968	401,000	412,585

For the purpose of basic loss per share for the three months ended March 31, 2026, the weighted average number of ordinary shares excluded treasury shares of the Company as set out in Note 36.

Diluted earnings (loss) per share for each reporting period is the same as the basic earnings (loss) per share as (i) the assumed exercise of the outstanding share options granted by SystImmune, as disclosed in Note 43, would result in an increase in earnings per share for the year ended December 31, 2024 and a decrease in loss per share for the three months ended March 31, 2025 and 2026; and (ii) the effect of the outstanding share options granted by SystImmune on dilution of loss per share for the year ended December 31, 2025 is insignificant.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings and structures	Equipment	Motor vehicles	Buildings improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
At January 1, 2024	304,555	542,363	11,884	73,581	81,368	1,013,751
Additions	–	40,544	1,645	–	47,141	89,330
Transfer	20,745	47,078	–	25,178	(93,001)	–
Disposals/written-off	–	(3,398)	–	–	–	(3,398)
At December 31, 2024	325,300	626,587	13,529	98,759	35,508	1,099,683
Additions	–	87,550	3,716	–	147,937	239,203
Transfer	278	16,056	–	51,309	(67,643)	–
Disposals/written-off	(2,479)	(29,306)	(264)	–	–	(32,049)
At December 31, 2025	323,099	700,887	16,981	150,068	115,802	1,306,837
Additions	–	17,264	6	–	64,469	81,739
Transfer	–	9,996	–	4,416	(14,412)	–
Disposals/written-off	–	(13,001)	(164)	–	–	(13,165)
At March 31, 2026	323,099	715,146	16,823	154,484	165,859	1,375,411
Depreciation						
At January 1, 2024	156,280	296,963	10,848	19,855	–	483,946
Provided for the year	14,941	45,568	645	7,278	–	68,432
Eliminated on disposals/written-off	–	(3,161)	–	–	–	(3,161)
At December 31, 2024	171,221	339,370	11,493	27,133	–	549,217
Provided for the year	14,453	58,948	557	11,032	–	84,990
Eliminated on disposals/written-off	(1,315)	(26,479)	(250)	–	–	(28,044)
At December 31, 2025	184,359	371,839	11,800	38,165	–	606,163
Provided for the period	2,182	16,037	315	5,266	–	23,800
Eliminated on disposals/written-off	–	(11,651)	(156)	–	–	(11,807)
At March 31, 2026	186,541	376,225	11,959	43,431	–	618,156
Carrying values						
At December 31, 2024	154,079	287,217	2,036	71,626	35,508	550,466
At December 31, 2025	138,740	329,048	5,181	111,903	115,802	700,674
At March 31, 2026	136,558	338,921	4,864	111,053	165,859	757,255

The Company

	Equipment *RMB'000*	Motor vehicles *RMB'000*	Buildings improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost					
At January 1, 2024	2,131	1,888	1,497	–	5,516
Additions	264	1,645	–	861	2,770
Disposals	(195)	–	–	–	(195)
At December 31, 2024	2,200	3,533	1,497	861	8,091
Additions	2,325	–	–	8,608	10,933
Transfer	583	–	8,886	(9,469)	–
Disposals/written-off	(583)	–	–	–	(583)
At December 31, 2025	4,525	3,533	10,383	–	18,441
Additions	371	–	547	–	918
At March 31, 2026	4,896	3,533	10,930	–	19,359
Depreciation					
At January 1, 2024	1,860	1,794	1,497	–	5,151
Provided for the year	124	260	–	–	384
Eliminated on disposals	(185)	–	–	–	(185)
At December 31, 2024	1,799	2,054	1,497	–	5,350
Provided for the year	264	521	569	–	1,354
Eliminated on disposals/ written-off	(554)	–	–	–	(554)
At December 31, 2025	1,509	2,575	2,066	–	6,150
Provided for the period	259	130	364	–	753
At March 31, 2026	1,768	2,705	2,430	–	6,903
Carrying values					
At December 31, 2024	401	1,479	–	861	2,741
At December 31, 2025	3,016	958	8,317	–	12,291
At March 31, 2026	3,128	828	8,500	–	12,456

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives at the following rates per annum:

Buildings and structures	4.75%
Equipment	9.50%-31.67%
Motor vehicles	9.50%-23.75%
Buildings improvements	10.00%-33.33%

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands *RMB'000*	Buildings *RMB'000*	Total *RMB'000*
At January 1, 2024	27,405	5,786	33,191
Additions	–	44,432	44,432
Charge for the year	(913)	(11,565)	(12,478)

	Leasehold lands	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At December 31, 2024	26,492	38,653	65,145
Additions	–	124,398	124,398
Charge for the year	(913)	(21,916)	(22,829)
At December 31, 2025	25,579	141,135	166,714
Additions	–	12,011	12,011
Charge for the period	(228)	(9,255)	(9,483)
At March 31, 2026	25,351	143,891	169,242

The above items of right-of-use-assets are depreciated on a straight-line basis over their estimated useful lives based on lease terms at the following rates per annum:

Leasehold lands	2.00%-2.32%
Buildings	5.53%-66.67%

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expense relating to short-term leases	1,112	2,616	300	306
Total cash outflow for leases	11,884	17,269	2,716	2,759

During the Track Record Period, the Group leases buildings for its operations. Lease contracts are entered into for fixed term of 18 to 217 months. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities and office buildings are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

Restrictions or covenants on leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Company

	Buildings
	RMB'000
At January 1, 2024	1,210
Addition	2,570
Charge for the year	(1,671)
At December 31, 2024	2,109
Charge for the year	(832)
At December 31, 2025	1,277
Charge for the period	(293)
At March 31, 2026	984

18. INVESTMENT PROPERTIES

The Group

	Buildings *RMB'000*
Cost	
At January 1, 2024, December 31, 2024 and 2025 and March 31, 2026	5,248
Amortization	
At January 1, 2024	3,655
Charge for the year	250
At December 31, 2024	3,905
Charge for the year	250
At December 31, 2025	4,155
Charge for the period	62
At March 31, 2026	4,217
Carrying values	
At December 31, 2024	1,343
At December 31, 2025	1,093
At March 31, 2026	1,031

19. INTANGIBLE ASSETS

The Group

	Proprietary technologies *RMB'000*	**Computer software** *RMB'000*	**Trademark** *RMB'000*	**Database use right** *RMB'000*	**Total** *RMB'000*
Cost					
At January 1, 2024	24,019	3,775	298	5,829	33,921
Addition	–	–	–	2,723	2,723
At December 31, 2024	24,019	3,775	298	8,552	36,644
Addition	–	5,065	–	4,342	9,407
At December 31, 2025	24,019	8,840	298	12,894	46,051
Addition	–	161	–	–	161
At March 31, 2026	24,019	9,001	298	12,894	46,212
Amortization and impairment					
At January 1, 2024	23,744	3,460	298	4,817	32,319
Charge for the year	275	129	–	1,364	1,768
At December 31, 2024	24,019	3,589	298	6,181	34,087
Charge for the year	–	532	–	1,743	2,275
At December 31, 2025	24,019	4,121	298	7,924	36,362
Charge for the period	–	238	–	401	639
At March 31, 2026	24,019	4,359	298	8,325	37,001

	Proprietary technologies *RMB'000*	Computer software *RMB'000*	Trademark *RMB'000*	Database use right *RMB'000*	Total *RMB'000*
Carrying values					
At December 31, 2024	–	186	–	2,371	2,557
At December 31, 2025	–	4,719	–	4,970	9,689
At March 31, 2026	–	4,642	–	4,569	9,211

The Company

	Computer software *RMB'000*	Database use right *RMB'000*	Total *RMB'000*
Cost			
At January 1, 2024 and December 31, 2024	1,523	–	1,523
Addition	–	2,036	2,036
At December 31, 2025 and March 31, 2026	1,523	2,036	3,559
Amortization			
At January 1, 2024	1,399	–	1,399
Charge for the year	93	–	93
At December 31, 2024	1,492	–	1,492
Charge for the year	15	276	291
At December 31, 2025	1,507	276	1,783
Charge for the period	2	126	128
At March 31, 2026	1,509	402	1,911
Carrying values			
At December 31, 2024	31	–	31
At December 31, 2025	16	1,760	1,776
At March 31, 2026	14	1,634	1,648

The above intangible assets have finite useful lives, amortized on a straight-line basis over their estimated useful lives at the following rates per annum:

Proprietary technologies	10.00%
Computer software	10.00%-20.00%
Trademark	12.05%-62.50%
Database use right	25.00%-100.00%

20. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognized and movements thereon for each reporting period:

The Group

	ECL provision *RMB'000*	Right-of-use assets *RMB'000*	Lease liabilities *RMB'000*	Tax losses *RMB'000*	Deferred income *RMB'000*	Selling rebates/ refund liabilities *RMB'000*	Contract liabilities on transfer of manufacturing technology *RMB'000*	Timing difference on research and development expenses in U.S. *RMB'000*	Timing difference on unbilled accruals *RMB'000*	Fair value change on financial assets at FVTPL *RMB'000*	Others *RMB'000*	Total *RMB'000*
At January 1, 2024	854	(1,081)	1,081	70,476	785	819	–	–	–	–	3,243	76,177
(Charge) credit to profit or loss	(29)	(4,833)	4,833	(40,854)	(491)	(238)	52,197	69,629	22,351	–	(1,491)	101,074
Credit to the other comprehensive income	–	–	–	–	–	–	–	–	–	–	6	6
At December 31, 2024	825	(5,914)	5,914	29,622	294	581	52,197	69,629	22,351	–	1,758	177,257
(Charge) credit to profit or loss	(706)	(20,850)	20,850	(29,622)	(294)	(581)	(52,197)	(36,475)	(17,412)	(2,824)	(3,233)	(143,344)
Charge to the other comprehensive income	–	–	–	–	–	–	–	–	–	–	(23)	(23)
At December 31, 2025	119	(26,764)	26,764	–	–	–	–	33,154	4,939	(2,824)	(1,498)	33,890
(Charge) credit to profit or loss	(20)	(708)	708	29,654	–	–	–	(10,767)	(3,515)	(13,775)	76	1,653
At March 31, 2026	99	(27,472)	27,472	29,654	–	–	–	22,387	1,424	(16,599)	(1,422)	35,543
At January 1, 2025	825	(5,914)	5,914	29,622	294	581	52,197	69,629	22,351	–	1,758	177,257
Credit (charge) to profit or loss	683	(300)	300	16,766	(16)	(39)	–	–	–	–	(3,083)	14,311
Charge to the other comprehensive income	–	–	–	–	–	–	–	–	–	–	(1)	(1)
At March 31, 2025 *(unaudited)*	1,508	(6,214)	6,214	46,388	278	542	52,197	69,629	22,351	–	(1,326)	191,567

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

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	179,195	38,212	53,564
Deferred tax liabilities	(1,938)	(4,322)	(18,021)
	177,257	33,890	35,543

As at December 31, 2024 and 2025, and March 31, 2026, the Group had unused tax losses of RMB721,486,000, RMB3,096,364,000 and RMB3,913,689,000, under PRC EIT, respectively, available to offset against future profits. A deferred tax asset has been recognized in respect of RMB197,478,000, nil and nil of such losses as at December 31, 2024 and 2025 and March 31, 2026, respectively. No deferred tax asset has been recognized in respect of the remaining RMB524,008,000, RMB3,096,364,000, and RMB3,913,689,000 as at December 31, 2024 and 2025 and March 31, 2026, respectively, due to the unpredictability of future profit streams. The tax losses as at December 31, 2024 and 2025 and March 31, 2026 will expire in various years before 2034 and 2035, and 2036 respectively.

As at December 31, 2024 and 2025 and March 31, 2026, the Group had tax losses of nil, nil and RMB373,832,000 under U.S. CIT, respectively, available to offset against future profits. Deferred tax asset of RMB29,654,000 has been recognized in respect of the tax losses as at March 31, 2026. The tax losses as at March 31, 2026 will expire in various years before 2046. As at December 31, 2024 and 2025 and March 31, 2026, the Group had timing difference on research and development expenses of RMB2,250,535,000, RMB2,867,292,000 and RMB2,660,549,000 under U.S. CIT, respectively. A deferred tax asset has been recognized in respect of RMB325,290,000, RMB156,858,000 and RMB105,370,000 of such timing difference as at December 31, 2024 and 2025 and March 31, 2026, respectively. No deferred tax asset has been recognized in respect of the remaining RMB1,925,245,000, RMB2,710,434,000 and RMB2,555,179,000 as at December 31, 2024 and 2025 and March 31, 2026, respectively, due to the unpredictability of future profit streams.

The Company

	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024	(310)	310	–
(Charge) credit to profit or loss	(167)	167	–
At December 31, 2024	(477)	477	–
Credit (charge) to profit or loss	235	(235)	–
At December 31, 2025	(242)	242	–
(Charge) credit to profit or loss	(4)	4	–
At March 31, 2026	(246)	246	–

As at December 31, 2024 and 2025, and March 31, 2026, the Company had unused tax losses of RMB84,991,000, RMB216,296,000 and RMB242,650,000, respectively, available to offset against future profits. No deferred tax asset has been recognized in respect of such losses as at December 31, 2024 and 2025 and March 31, 2026, respectively, due to the unpredictability of future profit streams. The losses as at December 31, 2024 and 2025 and March 31, 2026 will expire in various years before 2029, 2030 and 2031, respectively.

21. INVENTORIES

The Group

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	79,648	89,790	84,914
Work in progress	29,915	13,605	21,460
Finished goods	42,571	49,710	41,307
Goods in transit	1,661	443	957

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
	153,795	153,548	148,638
Less: provision	(3,889)	(7,238)	(3,958)
	149,906	146,310	144,680

The followings are the inventory provision recognized and movements thereon during the Track Record Period:

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	5,149	3,889	7,238
Recognition as cost of sales	19,354	26,696	3,105
Written off	(20,614)	(23,347)	(6,385)
At the end of the year/period	3,889	7,238	3,958

The Company

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	14	6	4
Finished goods	38	5,546	4,648
Goods in transit	1,291	305	445
	1,343	5,857	5,097
Less: provision	(17)	(968)	(1,195)
	1,326	4,889	3,902

The followings are the inventory provision recognized and movements thereon during the Track Record Period:

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year/period	–	17	968
Recognition as cost of sales	17	5,525	1,125
Written off	–	(4,574)	(898)
At the end of the year/period	17	968	1,195

22. RIGHT TO RETURNED GOODS ASSETS/REFUND LIABILITIES

The right to returned goods assets represents the Group's right to recover products from customers where customers exercise their right of return under the customary industry practice. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

The refund liabilities are related to customers' right to return products under customary industry practice. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognized for those products expected to be returned. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

23. CONTRACT COSTS

In December 2023, the Group entered into an agreement with a customer pursuant to which the Group shall transfer manufacturing technology relating to the process for the manufacture of iza-bren and its related products to the customer as set out in Note 5. The Group incurred contract costs relating to cost of transfer of the manufacturing technology of RMB12,286,000 and RMB16,578,000 for the years ended December 31, 2024 and 2025, respectively. The transfer of manufacturing technology relating to the process for the manufacture of iza-bren and its related products was completed in December 2025 and thus contract costs of RMB28,864,000 were recognized as part of cost of revenue from the related transfer for the year ended December 31, 2025.

24. TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables-contract with customers	118,328	77,719	71,736
Less: allowance for credit losses	(11,613)	(9,966)	(9,774)
	106,715	67,753	61,962
Bills receivables	12,506	11,560	12,404
Less: allowance for credit losses	(625)	(578)	(620)
	11,881	10,982	11,784
Other receivables *(Note)*	49,885	23,979	24,368
Less: allowance for credit losses	(3,427)	(2,329)	(1,811)
	46,458	21,650	22,557
Prepayments to suppliers	81,590	133,863	139,596
Value-added tax recoverable	75,543	178,414	207,504
Prepaid expenses	1,801	2,135	2,755
Deferred share issue costs	26,913	–	–
	350,901	414,797	446,158

Note: The balance mainly includes receivables from a cost sharing arrangement in respect of the collaboration of development and commercialization of iza-bren with an independent third party amounted to RMB27,564,000, RMB1,343,000 and nil at December 31, 2024 and 2025 and March 31, 2026, respectively.

As at January 1, 2024, the carrying amount of trade receivables and bills receivables (net of allowance for credit losses) amounted to RMB98,395,000 and RMB19,736,000, respectively.

The following is an aging analysis of trade receivables and bills receivables (net of allowance for credit losses) presented based on the dates of goods delivery at the end of each reporting period:

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	116,245	76,331	71,192
1-2 years	1,669	1,487	1,454
2-3 years	350	627	858
Over 3 years	332	290	242
	118,596	78,735	73,746

The normal credit term to the customers ranged between 30 to 120 days. The Group does not hold any collateral over these balances.

The Company

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables-contract with customers	42,767	32,453	31,573
Less: allowance for credit losses	(6,606)	(6,268)	(6,274)
	36,161	26,185	25,299
Bills receivables	5,083	1,593	3,499
Less: allowance for credit losses	(254)	(80)	(175)
	4,829	1,513	3,324
Other receivables	677	1,219	774
Less: allowance for credit losses	(401)	(84)	(59)
	276	1,135	715
Prepayments to suppliers	1,340	–	–
Value-added tax recoverable	4,225	8,145	8,743
Prepaid expenses	346	182	611
Deferred share issue costs	26,913	–	–
	74,090	37,160	38,692

As at January 1, 2024, the carrying amount of trade receivables and bills receivables (net of allowance for credit losses) amounted to RMB31,348,000 and RMB7,279,000, respectively.

The following is an aging analysis of trade receivables and bills receivables (net of allowance for credit losses) presented based on the dates of goods delivery at the end of each reporting period:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	40,058	26,459	27,067
1-2 years	393	999	1,353
2-3 years	267	22	27
Over 3 years	272	218	176
	40,990	27,698	28,623

The normal credit term to the customers is ranged between 30 to 120 days. The Company does not hold any collateral over these balances.

Details of impairment assessment of trade receivables, bills receivables and other receivables are set out in Note 44.

25. AMOUNTS DUE FROM SUBSIDIARIES

The Company

	As at January 1,	As at December 31,		As at March 31,
	2024	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade in nature				
Baili Pharmaceutical	196,779	85,267	54,902	53,398
Guorui Pharmaceutical	18,764	21,649	–	–
Baili-Bio	343	–	–	–
	215,886	106,916	54,902	53,398

	As at January 1, 2024	As at December 31, 2024	2025	As at March 31, 2026	Maximum amount outstanding during the year ended December 31, 2024	2025	the three months ended March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-trade in nature							
Lhasa Xinbo^	97,498	118,319	–	–	118,319	118,319	–
Baili-Bio^	9,743	533,082	1,058,471	861,109	1,192,245	1,058,471	1,058,471
Baili Pharmaceutical^	241,222	794,873	1,398,897	1,326,677	794,873	1,398,897	1,398,897
成都精西藥業有限責任公司 (Chengdu Jingxi Pharmaceutical Co., Ltd.*) ("Jingxi Pharmaceutical")^	6,773	1,591	–	–	12,278	1,591	–
Hiatt Technology^	1	785	–	–	785	785	–
Tianze Pharmaceutical^	1	1	–	–	1	1	–
Guorui Pharmaceutical^	69,584	107,032	–	11	107,032	107,032	11
Nuoxin Bio^	–	–	8,159	18,420	–	8,159	18,420
Yuyanqi Bio^	–	–	–	28	–	–	28
	424,822	1,555,683	2,465,527	2,206,245			
	640,708	1,662,599	2,520,429	2,259,643			

* English name for identification only

^ The amounts are non-trade in nature, unsecured, interest-free and are repayable on demand.

The following is an aged analysis of amounts due from subsidiaries which are trade in nature presented based on the dates of goods delivery at the end of each reporting period.

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	106,916	54,902	53,398

The normal credit term to the subsidiaries is ranged within one year. None of the balance is past due as at December 31, 2024 and 2025 and March 31, 2026.

26. FINANCIAL ASSETS AT FVTPL

The Group

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Foreign currency forward contracts *(Note i)*	–	11,144	109,770
Wealth management products *(Note ii)*	–	2,158,903	2,058,051
	–	2,170,047	2,167,821

Notes:

(i) During the year ended December 31, 2025 and the three months ended March 31, 2026, the Group entered into several foreign currency forward contracts with the banks, which entitled the Group to buy USD from the bank at a predetermined exchange rate upon maturity of the contracts. The contracts are not designated as a hedging instrument by the management and is recognized as financial assets at FVTPL accordingly as at December 31, 2025 and March 31, 2026. Major items of the outstanding contracts as at December 31, 2025 and March 31, 2026 are detailed as follows.

Outstanding contracts as at December 31, 2025

Date of contract	Maturity	Notional amount	Exchange rates
September 19, 2025	March 19, 2026	Buy USD30,621,000	HK$7.7514: USD1
December 25, 2025	June 25, 2026	Buy USD40,074,000	Japanese Yen ("JPY") 153.5131: USD1
December 26, 2025	June 26, 2026	Buy USD30,823,000	JPY153.8911: USD1

Outstanding contracts as at March 31, 2026

Date of contract	Maturity	Notional amount	Exchange rates
December 25, 2025	June 25, 2026	Buy USD40,074,000	JPY153.5131: USD1
December 26, 2025	June 26, 2026	Buy USD30,823,000	JPY153.8911: USD1
January 9, 2026	April 9, 2026	Buy USD50,698,000	Singapore Dollar ("SGD") 1.2788: USD1
January 16, 2026	July 16, 2026	Buy USD51,369,000	HK$7.7700: USD1
January 23, 2026	July 23, 2026	Buy USD20,559,000	SGD1.2667: USD1
February 10, 2026	August 10, 2026	Buy USD205,653,000	SGD1.2510: USD1
February 13, 2026	August 13, 2026	Buy USD61,627,000	JPY151.2800: USD1
March 6, 2026	April 7, 2026	Buy USD85,366,000	Euro1.1632: USD1
March 17, 2026	April 17, 2026	Buy USD90,373,000	Euro1.1509: USD1
March 19, 2026	September 21, 2026	Buy USD30,782,000	JPY157.6750: USD1

(ii) The wealth management products are purchased from and managed by reputable banks with maturity within 12 months as at December 31, 2025 and March 31, 2026, carrying floating income at market prevailing condition.

27. BILLS RECEIVABLES AT FVTOCI

The Group

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables	20,118	21,617	9,627

The Company

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables	9,204	3,072	707

Under IFRS 9, certain bills which were held by the Group for the practice of endorsing to suppliers before the bills due for payment were classified as "bills receivables at FVTOCI". At the end of each reporting period, all the bills are with a maturity period of less than one year.

The Group considers the credit risk is limited because counterparties are banks with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Details of impairment assessment are set out in Note 44.

28. TERM DEPOSITS/RESTRICTED BANK BALANCES/CASH AND CASH EQUIVALENTS

The Group

Cash and cash equivalents of the Group include bank balances and cash and certificates of deposit.

The Group's restricted bank balances comprised of bank balances pledged to a bank for issuing letter of credits as at December 31, 2025 and March 31, 2026 as detailed in Note 38 and bank balances solely for payment of repurchase of the Company's A shares on Shanghai Stock Exchange as at March, 31, 2026. Restricted bank balances of the Group carries maturities within 1 year and are presented as current assets as at December 31, 2025 and March 31, 2026.

Term deposits of the Group are bank deposits with terms ranging from 3 months to 1 year.

The ranges of effective interest rate of the Group's bank balances, certificates of deposit, restricted bank balances and term deposits are:

	As at December 31, 2024	2025	As at March 31, 2026
Interest rate per annum:			
– Bank balance	0.00%-4.49%	0.00%-4.41%	0.00%-3.63%
– Certificates of deposit	0.75%-4.66%	0.90%-1.10%	0.90%-1.10%
– Restricted bank balances	N/A	3.65%	0.05%-3.65%
– Term deposits	4.16%-4.70%	2.22%-6.00%	1.80%-5.50%

The Company

Cash and cash equivalents of the Company comprised of bank balances and cash, out of which bank balances of the Company carry interest at prevailing market interest rates of 0.05%-1.50% and 0.05%-0.45%, and 0.05%-0.45% per annum as at December 31, 2024 and 2025 and March 31, 2026, respectively.

Restricted bank balances of the Company are bank balances solely for payment of repurchase of its A shares on Shanghai Stock Exchange, carrying interest at prevailing market interest rate of 0.05% per annum, as at March 31, 2026.

Details of impairment assessment of bank balances, certificates of deposit, restricted bank balances and term deposits are set out in Note 44.

29. BORROWINGS

The Group

	As at December 31, 2024 *RMB'000*	2025 *RMB'000*	As at March 31, 2026 *RMB'000*
Bank borrowings			
– Secured and unguaranteed	1,269,497	243,432	237,685
– Unsecured and unguaranteed	750,721	3,314,092	3,910,949
	2,020,218	3,557,524	4,148,634
– Fixed-rate borrowings	565,580	243,432	375,761
– Floating-rate borrowings	1,454,638	3,314,092	3,772,873
	2,020,218	3,557,524	4,148,634
Carrying amount repayable: (based on scheduled payment terms)			
Within one year	830,788	941,564	1,038,144
Within a period of more than one year but not more than two years	671,500	1,025,699	1,356,463
Within a period of more than two years but not more than five years	517,930	1,590,261	1,657,027
Within a period of more than five years	–	–	97,000
	2,020,218	3,557,524	4,148,634
Less: Amount due for settlement within 12 months shown under current liabilities	(830,788)	(941,564)	(1,038,144)
Amount due for settlement after 12 months shown under non-current liabilities	1,189,430	2,615,960	3,110,490

The ranges of effective interest rate of the Group's bank borrowings are:

	As at December 31, 2024	2025	As at March 31, 2026
Effective interest rate per annum:			
– Fixed-rate borrowings	2.35%-2.95%	2.55%	1.80%-2.55%
– Floating-rate borrowings	2.60%-3.95%	2.24%-2.60%	2.24%-2.60%

The Company

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Bank borrowings			
– Secured and guaranteed	349,510	1,540,425	237,685
– Secured and unguaranteed	555,602	230,166	–
– Unsecured and guaranteed	600,698	575,843	1,210,365
– Unsecured and unguaranteed	–	100,031	965,103
	1,505,810	2,446,465	2,413,153
– Fixed-rate borrowings	465,510	243,432	375,761
– Floating-rate borrowings	1,040,300	2,203,033	2,037,392
	1,505,810	2,446,465	2,413,153
Carrying amount repayable: (based on scheduled payment terms)			
Within one year	644,380	578,785	671,490
Within a period of more than one year but not more than two years	343,500	833,680	1,051,697
Within a period of more than two years but not more than five years	517,930	1,034,000	689,966
	1,505,810	2,446,465	2,413,153
Less: Amount due for settlement within 12 months shown under current liabilities	(644,380)	(578,785)	(671,490)
Amount due for settlement after 12 months shown under non-current liabilities	861,430	1,867,680	1,741,663

The ranges of effective interest rate of the Company's bank borrowings are:

	As at December 31, 2024	2025	As at March 31, 2026
Effective interest rate per annum:			
– Fixed-rate borrowings	2.60%-2.95%	2.55%	1.80%-2.55%
– Floating-rate borrowings	2.60%-3.95%	2.24%-2.50%	2.24%-2.50%

30. TRADE AND OTHER PAYABLES

The Group

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	113,797	112,150	104,863
Trade payables settled with endorsed bills	7,476	6,367	9,148
Bills payables	105,450	94,678	113,444
	226,723	213,195	227,455

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and wages payables	79,479	118,302	63,012
Other tax payables	17,661	21,605	8,093
Accruals for test and examination costs	284,067	425,465	472,404
Accruals for promotional costs	48,548	46,075	40,211
Accruals for share issue costs	7,417	–	–
Other accruals	7,319	24,604	14,673
Consideration payable for acquisition of property, plant and equipment	30,031	55,790	36,296
Deposits from suppliers	52,600	55,920	58,818
Other payables	4,858	4,915	5,203
	531,980	752,676	698,710
	758,703	965,871	926,165

The normal credit term to the Group ranged between 30 to 180 days.

The following is an aging analysis of trade payables/bills payables presented based on the invoice date/issuance date at the end of each reporting period:

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	223,998	209,722	226,094
1-2 years	2,527	2,628	102
2-3 years	63	647	759
Over 3 years	135	198	500
	226,723	213,195	227,455

As at December 31, 2024 and 2025 and March 31, 2026, the Group's bills payables were issued by banks with maturities within six months.

The Company

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	7,520	3,385	1,558
Trade payables settled with endorsed bills	4,358	1,718	3,016
Bills payables	93,060	72,647	75,296
	104,938	77,750	79,870
Salaries and wages payables	3,210	4,245	2,401
Other tax payables	243	1,992	291
Accruals for promotional cost	1,746	1,784	1,046
Accruals for share issue costs	7,417	–	–
Other accruals	–	17,233	7,361
Consideration payable for acquisition of property, plant and equipment	16	4,594	1,352
Deposits from suppliers	16,387	16,523	15,995
Other payables	617	598	1,569
	29,636	46,969	30,015
	134,574	124,719	109,885

The normal credit term to the Company is ranged between 30 to 180 days.

The following is an aging analysis of trade payables/bills payables presented based on the invoice date/issuance date at the end of each reporting period:

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	104,902	77,712	79,832
1-2 years	–	2	2
2-3 years	36	–	–
Over 3 years	–	36	36
	104,938	77,750	79,870

At December 31, 2024 and 2025 and March 31, 2026, the Company's bills payables were issued by banks with maturities within six months.

31. AMOUNT DUE TO A SUBSIDIARY

The Company

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Trade in nature			
Baili Pharmaceutical	–	12,686	–

The normal credit term to the Company is ranged between 30 to 180 days.

The following is an aged analysis of the amount due to a subsidiary which is trade in nature presented based on the invoice/issuance date at the end of each reporting period.

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	12,686	–

32. CONTRACT LIABILITIES

The Group

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	6,748	6,370	6,164
Selling rebates liabilities	1,408	942	1,083
Transfer of manufacturing technology	347,979	–	–
	356,135	7,312	7,247

As at January 1, 2024, the Group had contract liabilities of RMB8,672,000, including contract liabilities for sale of goods amounting to RMB7,026,000 and selling rebates liabilities amounting to RMB1,646,000.

The following table shows the revenue recognized relates to carried-forward contract liabilities for the Track Record Period.

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods			
Balance at the beginning of the year/period	7,026	6,748	6,370
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(7,026)	(6,748)	(6,370)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	6,748	6,370	6,164
Balance at the end of the year/period	6,748	6,370	6,164

The Company

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	3,870	2,930	3,107
Selling rebates liabilities	71	42	57
	3,941	2,972	3,164

As at January 1, 2024, the Company had contract liabilities of RMB4,659,000 including contract liabilities for sale of goods amounting to RMB4,518,000 and selling rebates liabilities amounting to RMB141,000.

The following table shows the revenue recognized relates to carried-forward contract liabilities for the Track Record Period.

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods			
Balance at the beginning of the year/period	4,518	3,870	2,930
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(4,518)	(3,870)	(2,930)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	3,870	2,930	3,107
Balance at the end of the year/period	3,870	2,930	3,107

Contract liabilities are all expected to be settled within the Group's and the Company's normal operating cycle and are classified as current liabilities based on the Group's and the Company's earliest obligation to transfer goods to the customers. Revenue recognized during each reporting period with performance obligation satisfied includes whole contract liability balance at the beginning of each reporting period.

33. SALE AND LEASEBACK PAYABLE

The Group sold and leased back equipment with financial institutions, where the Group continued to recognize the equipment and accounted for the proceeds from transfer of the equipment as sale and leaseback payables in liabilities taken into account the transfer does not satisfy the requirement as a sale. The sale and leaseback payable of the Group is due for settlement within 12 months and is classified as current liabilities as at December 31, 2024, carrying effective interest rate of 7.54% per annum.

34. LEASE LIABILITIES

The Group

	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Within one year	12,457	23,900	28,383
Within a period of more than one year but not more than two years	12,655	24,513	27,211
Within a period of more than two years but not more than five years	15,471	19,472	18,653
Within a period of more than five years	–	88,817	95,395
	40,583	156,702	169,642
Less: Amount due for settlement within 12 months shown under current liabilities	(12,457)	(23,900)	(28,383)
Amount due for settlement after 12 months shown under non-current liabilities	28,126	132,802	141,259

The range of weighted average incremental borrowing rates applied to lease liabilities is 4.75%, 2.20%-5.61% and 2.20%-5.61% per annum as at December 31, 2024 and 2025 and March 31, 2026, respectively.

The Company

	As at December 31, 2024	As at December 31, 2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Within one year	940	637	637
Within a period of more than one year but not more than two years	637	330	353
Within a period of more than two years but not more than five years	330	–	–
	1,907	967	990
Less: Amount due for settlement within 12 months shown under current liabilities	(940)	(637)	(637)
Amount due for settlement after 12 months shown under non-current liabilities	967	330	353

The weighted average incremental borrowing rates applied to lease liabilities is 4.75%, 4.75%, and 4.75% per annum as at December 31, 2024 and 2025, and March 31, 2026, respectively.

35. RETIREMENT BENEFIT PLANS

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a certain percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefit of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government. The contributions to these plans recognized as employee benefit charged to profit or loss and capitalized as production costs as incurred for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026 under such arrangement are RMB35,771,000, RMB51,332,000, RMB11,107,000 (unaudited) and RMB15,864,000, respectively.

SystImmune maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the U.S.. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The employer's contributions are primarily based on the smaller of three percent of the employees' compensation and the half of the employees' contributions. The only obligation of SystImmune with respect to the retirement benefits plans is to make the specified contributions under the plans. The contributions to these plans recognized as employee benefit charged to profit or loss as incurred for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026 under such arrangement are RMB8,148,000, RMB14,865,000, RMB3,168,000 (unaudited) and RMB4,018,000, respectively.

36. SHARE CAPITAL AND RESERVES OF THE COMPANY

Ordinary shares of RMB1 each	**Number of shares**	**Share capital** *RMB'000*
Authorized, issued and fully paid:		
At January 1, 2024 and December 31, 2024	401,000,000	401,000
Increase on placement of A shares *(Note i)*	11,873,817	11,874
At December 31, 2025 and March 31, 2026 *(Note ii)*	412,873,817	412,874

Notes:

(i) In September 2025, the Company completed a placement of A shares upon which a total of 11,873,817 A shares were issued to several investors at a price of RMB317 per share for gross proceeds of RMB3,764,000,000. The net proceeds from the placement amounted to RMB3,731,054,000 after deducting the transaction costs amounted to RMB32,946,000.

(ii) During the three months ended March 31, 2026, the Company repurchased 695,862 of its A shares through the Shanghai Stock Exchange with an aggregate consideration of RMB199,977,000 paid. The repurchased A shares were not cancelled and remained as treasury shares at March 31, 2026. Details of the repurchase are set out below.

Month of repurchase	**Number of shares (of RMB1 each)**	**Price per share** **Highest** *RMB*	**Lowest** *RMB*	**Aggregate consideration paid** *RMB'000*
January 2026	321,398	345	280	99,853
February 2026	222,490	289	267	61,502
March 2026	151,974	273	243	38,622
	695,862			199,977

Reserves of the Company:

Below table sets out the details of the reserves of the Company:

	Capital reserve *RMB'000*	**FVTOCI reserve** *RMB'000*	**Treasury shares** *RMB'000*	**Statutory reserve** *RMB'000*	**Accumulated loss** *RMB'000*	**Total**
At January 1, 2024	1,027,810	(217)	–	13,537	(155,159)	885,971
Loss for the year	–	–	–	–	(32,868)	(32,868)
Other comprehensive income for the year	–	51	–	–	–	51
Total comprehensive income (expense) for the year	–	51	–	–	(32,868)	(32,817)
As at December 31, 2024	1,027,810	(166)	–	13,537	(188,027)	853,154
Loss for the year	–	–	–	–	(131,301)	(131,301)
Other comprehensive income for the year	–	108	–	–	–	108
Total comprehensive income (expense) for the year	–	108	–	–	(131,301)	(131,193)
Placement of A shares	3,719,180	–	–	–	–	3,719,180

	Capital reserve *RMB'000*	FVTOCI reserve *RMB'000*	Treasury shares *RMB'000*	Statutory reserve *RMB'000*	Accumulated loss *RMB'000*	Total
As at December 31, 2025	4,746,990	(58)	–	13,537	(319,328)	4,441,141
Loss for the period	–	–	–	–	(28,474)	(28,474)
Other comprehensive income for the period	–	47	–	–	–	47
Total comprehensive income (expense) for the period	–	47	–	–	(28,474)	(28,427)
Repurchase of A shares	–	–	(199,977)	–	–	(199,977)
As at March 31, 2026	4,746,990	(11)	(199,977)	13,537	(347,802)	4,212,737
As at January 1, 2025	1,027,810	(166)	–	13,537	(188,027)	853,154
Loss for the period	–	–	–	–	(15,450)	(15,450)
Other comprehensive income for the period	–	100	–	–	–	100
Total comprehensive income (expense) for the period	–	100	–	–	(15,450)	(15,350)
As at March 31, 2025 *(unaudited)*	1,027,810	(66)	–	13,537	(203,477)	837,804

37. DEFERRED INCOME

The Group

	As at December 31, 2024 *RMB'000*	2025 *RMB'000*	As at March 31, 2026 *RMB'000*
Assets-related government subsidies	42,267	63,568	61,658
Expense-related government subsidies *(Note)*	–	62,250	62,250
Total	42,267	125,818	123,908
Analyzed as:			
Current	4,983	8,456	7,637
Non-current	37,284	117,362	116,271
	42,267	125,818	123,908

Note: Expense-related government subsidies are specifically for the incentive for research and development activities, which are recognized upon completion of the activities.

For the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, the Group received RMB31,339,000, RMB27,445,000, RMB5,000,000 (unaudited) and nil, respectively, in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recognized as deferred income and released to profit or loss on a systematic basis over the useful lives of the relevant assets when conditions are met. During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, assets-related government subsidies of RMB1,856,000, RMB6,144,000, RMB1,246,000 (unaudited) and RMB1,910,000, respectively, were released to profit or loss.

For the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, the Group received nil, RMB62,250,000, nil and nil, respectively, in relation to incentives for production, research and development activities of the Group. The amounts were recognized as deferred income and released to profit or loss on a systematic basis over the period in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, expense-related government subsidies of approximately RMB2,843,000 and nil, nil (unaudited) and nil, respectively, were released to profit or loss.

The Company

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Assets-related government subsidies	–	5,000	5,000
Analyzed as:			
Non-current	–	5,000	5,000

38. PLEDGE OF ASSETS

At the end of each reporting period, the Group had pledged the following assets to banks and other financing institutions as securities against general facilities and transactions, including banks borrowings, sale and leaseback payable and letter of credit issued by the Group:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	156,221	18,791	18,172
Investment properties	1,343	–	–
Right-of-use assets	20,765	–	–
Restricted bank balances	–	32,608	32,102
	178,329	51,399	50,274

39. TRANSFER OF FINANCIAL ASSETS

As at December 31, 2024 and 2025 and March 31, 2026, the Group endorsed bills receivables amounted to RMB7,476,000, RMB6,367,000 and RMB9,148,000, respectively, for the settlement of trade and other payables on a full recourse basis. If the bills are not paid on maturity, the suppliers have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to the bills receivables to its suppliers upon endorsement, it continues to recognize the full carrying amounts of bills receivables and trade and other payables.

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of transferred assets	7,476	6,367	9,148
Carrying amount of associated liabilities	7,476	6,367	9,148

During the Track Record Period, the Group have derecognized certain bills endorsed to certain suppliers on a full recourse basis. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed bills receivable is low because all endorsed bills receivables are issued and guaranteed by the reputable PRC banks. The maximum exposure to the Group that may result from the default of these endorsed bills receivables at the end of each reporting period are as follows:

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Outstanding endorsed bills receivables	24,815	18,171	18,217

The outstanding endorsed bills receivables are with maturities no more than 6 months.

40. RELATED PARTIES' TRANSACTIONS

Details of transactions between the Group and its related parties are disclosed below.

(a) Transactions with related parties

As at December 31, 2024, Dr. Zhu Yi provided financial guarantees in respect of sale and leaseback payables of the Group amounted to RMB7,735,000. Such financial guarantees had been released upon repayment of the sale and leaseback payable in January 2025 and none of the related parties of the Group provided financial guarantees to the Group as at December 31, 2025 and March 31, 2026.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group for each reporting period was as follows:

	Year ended December 31,		Three months ended March 31,	
	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowance	6,078	14,043	3,190	3,176
Share-based payments	4,868	26,143	6,936	4,600
Retirement benefit	233	350	109	88
	11,179	40,536	10,235	7,864

Key management represents senior management personnel of the Group including certain executive directors of the Company disclosed in Note 14. The remuneration of key management is determined with reference to the performance of both the Group and the individual.

41. CAPITAL COMMITMENTS

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of: the acquisition of property, plant and equipment and intangible assets contracted for but not provided in the Historical Financial Information	34,926	114,171	118,591

42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt (which includes borrowings, lease liabilities, sale and leaseback payable, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital and reserves).

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, issue of new shares, raise of new debts or redemption of existing debts.

43. SHARE-BASED PAYMENTS

Equity-settled share option scheme of a subsidiary of the Company

Since 2014, SystImmune entered into share option arrangements with certain eligible employees to recognize their contributions and to strive for the future development of the Group's overseas operations. The maximum number of share options of SystImmune that were or may be granted under the share option arrangements are 44,002,000 in aggregate during the Track Record Period. Should all the share options outstanding at the end of each reporting period were exercised by the eligible employees, the Company would hold 93.94%, 93.76% and 93.76% effective interest in SystImmune, respectively.

The share options of SystImmune were granted under three tranches: (i) in or before September 2018 with a vesting period of five years ("Tranche 1"); (ii) after September 2018 but before January 2024 with a vest period of six years ("Tranche 2"); and (iii) in or after January 2024 with a vest period of four years ("Tranche 3"). Under Tranche 1, 20% and 20% of the share options shall vest and become exercisable on the first and second anniversaries of grant date, respectively; and at the third anniversary of grant date, the remaining 60% of the share options shall vest over the next 24 months and become exercisable at the end of each month. Under Tranche 2, 20% and 20% of the share options shall vest and become exercisable on the second and third anniversaries of grant date, respectively; and at the fourth anniversary of grant date, the remaining 60% of the share options shall vest over the next 24 months and become exercisable at the end of each month. Under Tranche 3, 15%, 25%, 25% and 35% of the share options shall vest and become exercisable on the first, second, third and fourth anniversaries of grant date, respectively.

The following table discloses movements of the granted share options during the Track Record Period:

	Tranche 1	**Tranche 2**	**Tranche 3**	**Total**
At January 1, 2024	91,000	781,250	–	872,250
Granted during the year	–	–	25,157,738	25,157,738
Forfeited during the year	(37,500)	(136,500)	(3,000)	(177,000)
At December 31, 2024	53,500	644,750	25,154,738	25,852,988
Granted during the year	–	–	1,178,400	1,178,400
Forfeited during the year	–	(32,000)	(303,000)	(335,000)
As at December 31, 2025	53,500	612,750	26,030,138	26,696,388
Forfeited during the period	–	–	(18,000)	(18,000)
As at March 31, 2026	53,500	612,750	26,012,138	26,678,388

Included in Tranche 2 and Tranche 3 are 200,000, 750 and 9,927,657 share options granted to Dr. Zhu Yi on March 1, 2023, December 1, 2023 and October 18, 2024, respectively. During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, Dr. Zhu Yi received share-based payments amounted to RMB4,868,000, RMB26,143,000, RMB6,936,000 (unaudited) and RMB4,600,000, respectively.

Included in Tranche 2 and Tranche 3 are 10,000, 50,000 and 2,833,616 share options granted to Dr. Zhu Hai on October 1, 2019, June 14, 2023 and October 18, 2024, respectively. During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, Dr. Zhu Hai received share-based payments amounted to RMB1,345,000, RMB7,432,000, RMB1,970,000 (unaudited) and RMB1,307,000, respectively.

As at December 31, 2024 and 2025 and March 31, 2026, the weighted average exercise prices per share option for outstanding share options are USD0.61 and USD0.62, USD0.62 respectively.

As at December 31, 2024 and 2025, and March 31, 2026, the exercisable share options are 163,100, 3,993,761 and 4,074,823, respectively and the weighted average exercise prices per share option are USD0.28 and USD0.60 and USD0.60, respectively. No eligible employees exercised their share options during the Track Record Period.

The estimated fair value of the share options granted during the years ended December 31, 2024 and 2025 and the three months ended March 31, 2026 are RMB141,720,000, RMB9,323,000 and nil, respectively.

The fair value of share options granted were determined by using the Binomial model. Significant inputs into the model for batches granted on May 28, 2024 and October 18, 2024 for 11,574,465 and 12,761,273 share options, respectively, were as follows, while the directors of the Company consider remaining batches of grants during the Track Record Period are insignificant.

	Batches granted on	
	May 28, 2024	**October 18, 2024**
Exercise price	USD0.62	USD0.62
Expected volatility	48.68%	59.13%
Dividend yield	0%	0%
Expected life	10 years	10 years
Risk-free rate	4.54%	4.08%

Expected volatility was determined by using the historical volatility of comparable companies' share prices over the previous 10 years. The expected life used in the model has been adjusted, based on the directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share options outstanding at December 31, and 2024 and 2025 and March 31, 2026 had a weighted average remaining contractual life of 9.66, 8.64, and 8.53 years, respectively.

The Group recognized a total expense of RMB27,145,000, RMB54,345,000, RMB15,801,000 (unaudited) and RMB11,084,000 for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026 in the profit or loss against the share-based payments reserve of SystImmune, which is presented under non-controlling interests of the Group as at December 31, 2024 and 2025 and March 31, 2026.

Subsequent to the Track Record Period, 150,000 share options were granted by SystImmune to certain eligible employees.

44. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL	–	2,170,047	2,167,821
Bills receivables at FVTOCI	20,118	21,617	9,627
At amortized cost			
– Cash and cash equivalents	3,207,998	5,142,149	2,929,931
– Restricted bank balances	–	32,608	32,102
– Term deposits	2,532,974	2,504,331	4,216,686
– Trade and other receivables*	165,054	100,385	96,303
	5,906,026	7,779,473	7,275,022
	5,926,144	9,971,137	9,452,470
Financial liabilities			
At amortized cost			
– Borrowings	2,020,218	3,557,524	4,148,634
– Trade and other payables**	314,212	329,820	327,772
– Sale and leaseback payable	7,735	–	–
	2,342,165	3,887,344	4,476,406

The Company

	As at December 31,		As at March 31,
	2024	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Bills receivables at FVTOCI	9,204	3,072	707
At amortized cost			
– Cash and cash equivalents	54,585	37,294	11,140
– Restricted bank balances	–	–	2
– Amounts due from subsidiaries	1,662,599	2,520,429	2,259,643
– Trade and other receivables*	41,266	28,833	29,338
	1,758,450	2,586,556	2,300,123
	1,767,654	2,589,628	2,300,830

	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
At amortized cost			
– Borrowings	1,505,810	2,446,465	2,413,153
– Trade and other payables**	121,958	99,465	98,786
– Amount due to a subsidiary	–	12,686	–
	1,627,768	2,558,616	2,511,939

* Value-added tax recoverable, prepayments to suppliers, deferred share issue costs and prepaid expenses are excluded.

** Salaries and wages payables, other tax payables, accruals for test and examination costs, accruals for promotional costs and other accruals are excluded.

Financial risk management objectives and policies

The Group's and Company's major financial instruments include cash and cash equivalents, restricted bank balances, term deposits, amounts due from subsidiaries, trade and other receivables, financial assets at FVTPL, bills receivables at FVTOCI, borrowings, trade and other payables, amount due to a subsidiary and sale and leaseback payable. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and lease liabilities include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group and the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency denominated trade payable and bank balances which expose the Group to foreign currency risk. In addition, several subsidiaries incorporated in the PRC with functional currency as RMB has intra-group balances due from SystImmune denominated in USD as at December 31, 2024 and 2025 and March 31, 2026, which also exposes the Group to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

The Group

	Liabilities			Assets		
	As at December 31, 2024	2025	As at March 31, 2026	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	–	–	–	4,419,817	3,193,640	191,276
HK$	–	–	–	–	210,748	344,373
JPY	–	–	–	–	482,169	1,071,681
SGD	–	–	–	–	–	1,837,730
EUR	–	–	–	–	–	1,201,773
Intra-group balance						
USD	–	–	–	504,576	1,586,580	1,017,106

The Company

	Liabilities			Assets		
	As at December 31, 2024	2025	As at March 31, 2026	As at December 31, 2024	2025	As at March 31, 2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	–	–	–	9	42	28
HK$	–	–	–	–	45	44

The Group entered into foreign currency forward contracts to a certain extent to mitigate the foreign currency risk associated with holding USD denominated assets as at December 31, 2025 and March 31, 2026. The management of the Group and the Company monitor foreign exchange exposure and consider hedging significant foreign exchange exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in post-tax profit or an increase in post-tax loss where RMB strengthen 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit and the amounts below would be negative.

The Group

	As at December 31,		As at March 31,
	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*
Impact on profit or loss of:			
– USD	209,287	203,159	51,356
– HK$	–	8,957	14,636
– JPY	–	20,492	45,546
– SGD	–	–	78,104
– EUR	–	–	51,075

This is mainly attributable to the exposure outstanding on trade payables, bank balances, term deposits and intra-group balance denominated in foreign currencies at the end of each reporting period.

With regard to the sensitivity related to the fair value change arising from the foreign currency forward contracts, the sensitivity analysis includes only outstanding foreign currency forward contracts entered into, and adjusts the translation at the end of each reporting period for a 5% change in foreign currency rates. For a 5% strengthen of USD against respective relevant currency, with all other variables held constant, there would be an increase in post-tax loss, whereas a 5% weakening of USD against respective relevant currency, with all other variables held constant, there would be an equal and opposite impact on the loss. The directors of the Company consider the Group's sensitivity to a 5% increase and decrease in USD against respective relevant foreign currency is not significant to post-tax loss at the end of each reporting period.

The directors of the Company consider the Company's exposure to foreign currency risk is not significant.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to certain interest-bearing bank balances, certificates of deposit, restricted bank balances and term deposits, bills receivables at FVTOCI, sale and leaseback payables, fixed-rate borrowings and lease liabilities, all bear fixed interest rates. The Group is mainly exposed to cash flow interest rate risk in relation to borrowings at floating interest rates (depends on the PRC loan prime rate). The Group currently does not have an interest rate hedging policy. There are no concentration on the Group's interest rate risks. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate for the floating-rate (depends on the PRC loan prime rate) borrowings, assuming that the floating-rate borrowings outstanding at the end of each reporting period was outstanding for the whole relevant period.

If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Group's profit after tax would decrease/increase by approximately RMB5,662,000 for the year ended December 31, 2024 and the Group's loss after tax would increase/decrease by approximately RMB16,570,000 and RMB18,864,000, respectively, for the year ended December 31, 2025 and the three months ended March 31, 2026.

If the interest rate on the floating-rate borrowings had been 50 basis points higher/lower, and all other variables were held constant, the Company's loss after tax would increase/decrease by approximately RMB5,202,000, RMB11,015,000 and RMB10,187,000, respectively, for the years ended December 31, 2024 and 2025 and the three months ended March 31, 2026.

This is mainly attributable to the Group's and the Company's exposure to interest rates on its floating-rate borrowings as at December 31, 2024 and 2025 and March 31, 2026.

No sensitivity analysis on cash equivalents is presented as the directors of the Company consider that the exposure of cash flow interest rate risk arising from cash equivalents is minimal.

In the directors' opinion, the sensitivity analysis above is unrepresentative for the interest rate risk as the exposure at the end of reporting period does not reflect the exposure during each reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to bank balances, certificates of deposit, restricted bank balances, term deposits, trade and other receivables, bills receivables at FVTOCI and amounts due from subsidiaries. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with bills receivables is mitigated because settlement of certain bills receivables is guaranteed by bills issued by reputable financial institutions.

The Group and the Company manage the risk with respect to bank balances, certificates of deposit, restricted bank balances and term deposits by placing in the banks with high reputation.

The Group and the Company have policies in place to ensure that sales are made to reputable and creditworthy customers with an appropriate financial strength and credit history. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group and the Company review regularly the authorization of credit limits to individual customers and recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In respect of the business of sale of pharmaceutical products, the Group and the Company normally grant a credit period from 30 to 120 days upon delivery to customers.

During the Track Record Period, the Group and the Company have endorsed and derecognized certain bills receivables for the settlement of trade and other payables with full recourse. In the opinion of the directors of the Group, the risks of the default of these derecognized endorsed bills receivables are low because all endorsed bills receivables are issued and guaranteed by reputable PRC banks.

The Group and the Company have the receivables from different customers and debtors that operate in different areas and have different commercial scales. Thus, the Group and the Company classified the above assets into below categories:

- Category 1: trade receivables;
- Category 2: bills receivables;
- Category 3: other receivables; and
- Category 4: amounts due from subsidiaries.

(i) Trade receivables

The Group and the Company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics by reference to aging based on the dates of goods delivery.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before each reporting period and the corresponding historical credit losses occurred within the respective period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the consumer price index to be the most relevant factors for pharmaceutical customers and accordingly adjust the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance for trade receivables as at December 31, 2024 and 2025 and March 31, 2026 was listed as follows:

The Group

	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**Over 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables as at December 31, 2024							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	109,857	1,854	500	576	221	2,438	115,446
Loss allowance provision	5,493	185	150	288	177	2,438	8,731
Individually impaired receivables	–	–	–	–	–	2,882	2,882
Loss allowance provision	–	–	–	–	–	2,882	2,882
Total loss allowance provision	5,493	185	150	288	177	5,320	11,613

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade receivables as at December 31, 2025							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	68,788	1,652	896	398	455	2,648	74,837
Loss allowance provision	3,439	165	269	199	364	2,648	7,084
Individually impaired receivables	–	–	–	–	–	2,882	2,882
Loss allowance provision	–	–	–	–	–	2,882	2,882
Total loss allowance provision	3,439	165	269	199	364	5,530	9,966

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade receivables as at March 31, 2026							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	62,534	1,615	1,226	391	233	2,855	68,854
Loss allowance provision	3,126	161	368	196	186	2,855	6,892
Individually impaired receivables	–	–	–	–	–	2,882	2,882
Loss allowance provision	–	–	–	–	–	2,882	2,882
Total loss allowance provision	3,126	161	368	196	186	5,737	9,774

The Company

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade receivables as at December 31, 2024							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	37,083	437	381	481	156	2,432	40,970
Loss allowance provision	1,854	44	114	241	124	2,432	4,809
Individually impaired receivables	–	–	–	–	–	1,797	1,797
Loss allowance provision	–	–	–	–	–	1,797	1,797
Total loss allowance provision	1,854	44	114	241	124	4,229	6,606

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade receivables as at December 31, 2025							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	26,259	1,110	32	279	394	2,582	30,656

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Loss allowance provision	1,313	111	10	140	315	2,582	4,471
Individually impaired receivables	–	–	–	–	–	1,797	1,797
Loss allowance provision	–	–	–	–	–	1,797	1,797
Total loss allowance provision	1,313	111	10	140	315	4,379	6,268

	Within 1 year *RMB'000*	1-2 years *RMB'000*	2-3 years *RMB'000*	3-4 years *RMB'000*	4-5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
Trade receivables as at March 31, 2026							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	24,993	1,503	39	272	198	2,771	29,776
Loss allowance provision	1,250	150	12	136	158	2,771	4,477
Individually impaired receivables	–	–	–	–	–	1,797	1,797
Loss allowance provision	–	–	–	–	–	1,797	1,797
Total loss allowance provision	1,250	150	12	136	158	4,568	6,274

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company.

Impairment losses on trade receivables are presented as net impairment losses in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
At January 1, 2024	10,357	677	11,034
– Transfer	(2,205)	2,205	–
– Impairment losses recognized	579	–	579
As at December 31, 2024	8,731	2,882	11,613
– Impairment losses reversed	(1,647)	–	(1,647)
As at December 31, 2025	7,084	2,882	9,966
– Impairment losses reversed	(192)	–	(192)
As at March 31, 2026	6,892	2,882	9,774

In the opinion of the management, there was no significant changes to the loss rates for each aging category during the Track Record Period.

The Company

	Lifetime ECL (not credit- impaired) *RMB'000*	Lifetime ECL (credit-impaired) *RMB'000*	Total *RMB'000*
At January 1, 2024	5,644	677	6,321
– Transfer	(1,120)	1,120	–
– Impairment losses recognized	285	–	285
As at December 31, 2024	4,809	1,797	6,606
– Impairment losses reversed	(338)	–	(338)
As at December 31, 2025	4,471	1,797	6,268
– Impairment losses recognized	6	–	6
As at March 31, 2026	4,477	1,797	6,274

In the opinion of the management, there was no significant changes to the loss rates for each aging category during the Track Record Period.

(ii) Bills receivables

The Group assesses the credit losses of bills receivables individually using three-stage approach. The credit risk of bills receivables is considered not significantly increased since initial recognition, and thus the impairment provision is determined as 12m ECL. As at December 31, 2024 and 2025 and March 31, 2026, amount of RMB625,000, RMB578,000 and RMB620,000 were provided as loss allowance for bills receivables respectively.

The Company assesses the credit losses of bills receivables individually using three-stage approach. The credit risk of bills receivables is considered not significantly increased since initial recognition, and thus the impairment provision is determined as 12m ECL. As at December 31, 2024 and 2025 and March 31, 2026, amount of RMB254,000, RMB80,000 and RMB175,000 were provided as loss allowance for bills receivables respectively.

(iii) Other receivables

The Group applies the IFRS 9 three-stage approach to measure ECL. Other receivables comprise advances to staff, deposits and others. Since the credit risk of other receivables is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. As at December 31, 2024 and 2025 and March 31, 2026, amount of RMB3,427,000, RMB2,329,000, and RMB1,811,000 were provided as loss allowance for other receivables, respectively.

The Company applies the IFRS 9 three-stage approach to measure ECL. Other receivables comprise advances to staff, deposit and others. Since the credit risk of other receivables is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. As at December 31, 2024 and 2025 and March 31, 2026, amount of RMB401,000, RMB84,000 and RMB59,000 were provided as loss allowance for other receivables, respectively.

(iv) Amounts due from subsidiaries

Since the credit risk of amounts due from subsidiaries is considered not significantly increased since initial recognition, therefore the impairment provision is determined as 12m ECL. No loss allowance for amounts due from subsidiaries were provided as at December 31, 2024 and 2025 and March 31, 2026.

Liquidity risk

The management of the Group and the Company are satisfied that the Group and Company will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future by taking into account the Group's and the Company's cash flow projection, and the Group's and the Company's future capital expenditure in respect of its non-cancellable capital commitments, the management considers that the Group and the Company has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of each reporting period.

The Group and the Company rely on bank borrowings as a significant source of liquidity. As at December 31, 2024 and 2025 and March 31, 2026, the Group had unutilized bank facilities of RMB1,376,550,000, RMB2,309,110,000 and RMB3,957,960,000, respectively. As at December 31, 2024 and 2025 and March 31, 2026, the Company had unutilized bank facilities of RMB1,252,940,000, RMB256,750,000 and RMB362,500,000, respectively.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows. The table includes both interest and principal cash flows, where applicable.

The Group

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at December 31, 2024						
Non-interest bearing						
Trade and other payables	–	314,212	–	–	314,212	314,212
Interest bearing						
Borrowings	2.35%-3.95%	881,982	698,543	527,864	2,108,389	2,020,218
Sale and leaseback payable	7.54%	7,740	–	–	7,740	7,735
Lease liabilities	4.75%	13,876	13,544	16,829	44,249	40,583
		903,598	712,087	544,693	2,160,378	2,068,536
		1,217,810	712,087	544,693	2,474,590	2,382,748

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at December 31, 2025							
Non-interest bearing							
Trade and other payables	–	329,820	–	–	–	329,820	329,820
Interest bearing							
Borrowings	2.24%-2.60%	1,018,664	1,082,838	1,639,369	–	3,740,871	3,557,524
Lease liabilities	2.20%-5.61%	25,052	29,630	56,880	197,004	308,566	156,702
		1,043,716	1,112,468	1,696,249	197,004	4,049,437	3,714,226
		1,373,536	1,112,468	1,696,249	197,004	4,379,257	4,044,046

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at March 31, 2026							
Non-interest bearing							
Trade and other payables	–	327,772	–	–	–	327,772	327,772
Interest bearing							
Borrowings	1.80%-2.60%	1,125,877	1,419,088	1,710,302	114,306	4,369,573	4,148,634
Lease liabilities	2.20%-5.61%	29,918	33,159	58,838	197,630	319,545	169,642
		1,155,795	1,452,247	1,769,140	311,936	4,689,118	4,318,276
		1,483,567	1,452,247	1,769,140	311,936	5,016,890	4,646,048

The Company

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at December 31, 2024						
Non-interest bearing						
Trade and other payables	–	121,958	–	–	121,958	121,958
Interest bearing						
Borrowings	2.35%-3.95%	680,085	363,958	527,864	1,571,907	1,505,810
Lease liabilities	4.75%	1,018	676	338	2,032	1,907
		681,103	364,634	528,202	1,573,939	1,507,717
		803,061	364,634	528,202	1,695,897	1,629,675

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at December 31, 2025						
Non-interest bearing						
Trade and other payables	–	99,465	–	–	99,465	99,465
Amount due to a subsidiary	–	12,686	–	–	12,686	12,686
		112,151	–	–	112,151	112,151
Interest bearing						
Borrowings	2.24%-2.55%	632,741	871,986	1,042,635	2,547,362	2,446,465
Lease liabilities	4.75%	676	338	–	1,014	967
		633,417	872,324	1,042,635	2,548,376	2,447,432
		745,568	872,324	1,042,635	2,660,527	2,559,583

	Range of interest rate	On demand or within 1 year *RMB'000*	1 to 2 years *RMB'000*	2 to 5 years *RMB'000*	Total undiscounted cash flows *RMB'000*	Total carrying amount *RMB'000*
As at March 31, 2026						
Non-interest bearing						
Trade and other payables	–	98,786	–	–	98,786	98,786
Interest bearing						
Borrowings	1.80%-2.55%	727,288	1,087,962	694,726	2,509,976	2,413,153
Lease liabilities	4.75%	676	361	–	1,037	990
		727,964	1,088,323	694,726	2,511,013	2,414,143
		826,750	1,088,323	694,726	2,609,799	2,512,929

Fair value

The management of the Group have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of financial instruments, the Group uses market-observable data to the extent it is available.

The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

The Group

Financial assets	Fair value As at December 31, 2024	2025	As at March 31, 2026	Fair value hierarchy	Valuation technique(s) and key input(s)
	RMB'000	*RMB'000*	*RMB'000*		
Bills receivables at FVTOCI	20,118	21,617	9,627	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
Foreign currency forward contracts	–	11,144	109,770	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of each reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Wealth management products	–	2,158,903	2,058,051	Level 2	Quoted value provided by financial institutions.

The Company

Financial assets	Fair value As at December 31, 2024	2025	As at March 31, 2026	Fair value hierarchy	Valuation technique(s) and key input(s)
	RMB'000	*RMB'000*	*RMB'000*		
Bills receivables at FVTOCI	9,204	3,072	707	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The management considers that the carrying amounts of financial assets and financial liabilities at amortized cost recognized in the statements of financial position approximate their fair values.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Sale and leaseback payable	Lease liabilities	Accruals for share issue costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	633,409	49,066	5,719	–	688,194
Deferred share issue costs recognized	–	–	–	26,913	26,913
Financing cash flows (*Note*)	1,346,607	(42,448)	(10,772)	(19,496)	1,273,891
New lease entered	–	–	44,432	–	44,432
Finance costs recognized	40,202	1,117	1,204	–	42,523
At December 31, 2024	2,020,218	7,735	40,583	7,417	2,075,953
Deferred share issue costs recognized	–	–	–	20,591	20,591

	Borrowings *RMB'000*	Sale and leaseback payable *RMB'000*	Lease liabilities *RMB'000*	Accruals for share issue costs *RMB'000*	Total *RMB'000*
Share issue costs recognized against capital reserve	–	–	–	1,234	1,234
Financing cash flows (*Note*)	1,458,616	(7,740)	(14,653)	(12,288)	1,423,935
New lease entered	–	–	124,398	–	124,398
Reclassified to other accruals	–	–	–	(16,954)	(16,954)
Finance costs recognized	78,690	5	6,374	–	85,069
At December 31, 2025	3,557,524	–	156,702	–	3,714,226
Financing cash flows (*Note*)	567,935	–	(2,453)	–	565,482
New lease entered	–	–	12,011	–	12,011
Finance costs recognized	23,175	–	3,382	–	26,557
As at March 31, 2026	4,148,634	–	169,642	–	4,318,276
At January 1, 2025	2,020,218	7,735	40,583	7,417	2,075,953
Deferred share issue costs recognized	–	–	–	288	288
Financing cash flows (*Note*)	756,298	(7,740)	(2,416)	(7,132)	739,010
Finance costs recognized	15,657	5	299	–	15,961
As at March 31, 2025 *(unaudited)*	2,792,173	–	38,466	573	2,831,212

Note: The cash flows represent interest paid, new bank borrowings raised, repayment of bank borrowings, repayment of lease liabilities, repayment of sale and leaseback of payable transaction costs attributable to placement of A shares and transaction costs attributable to [**REDACTED**] of H shares.

46. MAJOR NON-CASH TRANSACTIONS

During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, the Group endorsed bills receivables amounted to RMB71,500,000, RMB97,700,000, RMB37,600,000 (unaudited) and RMB20,900,000, respectively, for the settlement of purchase of property, plant and equipment.

During the years ended December 31, 2024 and 2025 and the three months ended March 31, 2025 and 2026, the Group entered into nine, eight, nil (unaudited) and 3 lease agreements for the use of leased properties for 1.5-7 years, 1.5-18 years, nil (unaudited) and 3-5 years, respectively. Upon commencement of the leases, the Group recognized right-of-use assets and lease liabilities of RMB44,432,000, RMB124,398,000, nil (unaudited) and RMB12,011,000, respectively.

47. PARTICULARS OF SUBSIDIARIES

The Company

	As at December 31, 2024 *RMB'000*	2025 *RMB'000*	As at March 31, 2026 *RMB'000*
Unlisted investments, at cost			
– Baili Pharmaceutical	1,089,718	4,821,156	4,821,156
– Lhasa Xinbo (*Note*)	4,750	4,750	4,750
– Nuoxin Bio	N/A	3,000	3,000
	1,094,468	4,828,906	4,828,906

Note: The Company directly holds 22.35% equity interest in Lhasa Xinbo

As at the end of each reporting period and date of this report, the Company had direct or indirect interests in the following subsidiaries.

Name of subsidiaries	Place of incorporation/ operation and date of establishment	Equity interest attributable to the Group				Issued and fully paid share capital/registered capital	Principal activities
		As at December 31,		As at March 31,	At the date of this report		
		2024	2025	2026			
		%	%	%	%		
Directly held:							
Baili Pharmaceutical	PRC August 23, 1996	100	100	100	100	As at December 31, 2024: RMB125,000,000 As at December 31, 2025 and March 31, 2026 and date of this report: RMB126,000,000	Production, research and development of pharmaceutical products
Nuoxin Bio	PRC March 4, 2025	N/A	100	100	100	RMB3,000,000	Provision of research and development services
Indirectly held:							
Guorui Pharmaceutical	PRC December 7, 2005	100	100	100	100	RMB20,000,000	Production, research and development of pharmaceutical products
Lhasa Xinbo	PRC August 22, 2013	100	100	100	100	RMB21,250,000	Sales and distribution of pharmaceutical products
Panku Capital Limited ("Panku Capital")	British Virgin Islands April 16, 2014	100	100	100	100	As at December 31, 2024: USD115,007,134 As at December 31, 2025: USD291,631,540 As at March 31, 2026: USD291,631,540 As at date of this report: USD291,635,464	Investment holding
SystImmune	The U.S. April 21, 2014	100	100	100	100	USD2,895	Research and development of pharmaceutical products
Jingxi Pharmaceutical	PRC September 29, 2014	100	100	100	100	RMB5,000,000	Production, research and development of pharmaceutical products
Hiatt Technology	PRC September 29, 2014	100	100	100	100	RMB1,000,000	Production, research and development of pharmaceutical products
Baili-Bio	PRC February 21, 2017	100	100	100	100	As at December 31, 2024: RMB200,000,000 As at December 31, 2025, March 31, 2026 and date of this report: RMB205,000,000	Production, research and development of pharmaceutical products

Name of subsidiaries	Place of incorporation/ operation and date of establishment	Equity interest attributable to the Group				Issued and fully paid share capital/registered capital	Principal activities
		As at December 31,		As at March 31,	At the date of this report		
		2024	2025	2026			
		%	%	%	%		
Tianze Pharmaceutical	PRC November 26, 2020	100	100	100	100	As at December 31, 2024: nil/RMB10,000,000 As at December 31, 2025: RMB2,000,000/ RMB10,000,000 As at March 31, 2026: and date of this report: RMB10,000,000	Production of pharmaceutical products
Biokin Bio	PRC December 22, 2025	N/A	100	100	100	As at December 31, 2025: nil/RMB20,000,000 As at March 31, 2026 and date of this report: RMB20,000,000	Provision of research and development services
Yuyanqi Bio	PRC December 15, 2025	N/A	100	100	100	As at December 31, 2025: nil/RMB5,000,000 As at March 31, 2026 and date of this report: RMB500,000/ RMB5,000,000	Production, research and development of cosmetic products
成都精核藥業有限責任公司 (Chengdu Jinghe Pharmaceutical Co., Ltd.*) ("Jinghe Pharmaceutical")	PRC April 2, 2026	N/A	N/A	N/A	100	As at date of this report: nil/RMB20,000,000	Production, research and development of pharmaceutical products

* *English name for identification only*

All the subsidiaries of the Company are limited liability companies. None of the subsidiaries had any debt securities outstanding as at December 31, 2024 and 2025 and March 31, 2026 or at any time during the Track Record Period.

The statutory financial statements of the Company and all of its subsidiaries established in the PRC apart from Chengdu Jinghe for each of the years ended December 31, 2024 and 2025, where applicable, were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprise and were audited by 立信會計師事務所(特殊普通合夥) (BDO China Shu Lun Pan Certified Public Accountants LLP), certified public accountants registered in the PRC.

The statutory financial statements of SystImmune for each of the years ended December 31, 2024 and 2025 were prepared in accordance with relevant accounting principles generally accepted in the U.S. and were audited by UHY LLP, certified public accountants registered in the U.S..

No statutory financial statements have been prepared for Panku Capital since there are no statutory audit requirements in the jurisdiction where it was established/incorporated. No statutory financial statements have been prepared for Jinghe Pharmaceutical as it was newly established in April 2026.

48. EVENTS AFTER TRACK RECORD PERIOD

Save as those elsewhere disclosed in the Historical Financial Information, the Group also had the following significant events took place subsequent to March 31, 2026:

In June 2026, the National Association of Financial Market Institutional Investors approved the Group's registration of sci-tech innovation bonds, pursuant to which the Group shall have the right to issue medium-term notes up to a cap amount of RMB6,000,000,000 within a period of two years since the date of approval. The timing of issuance of the medium-term notes will be at the Group's discretion and no medium-term notes had been issued as at the date of this report.

Pursuant to the share repurchase plan announced on June 2, 2026, the Company had repurchased 863,015 A shares from June 2, 2026 to the date of this report for a total cash consideration of RMB199,945,000. The repurchased A Shares are intended to be utilised for implementing an employee share ownership plan or share incentive scheme at an appropriate time, and will be held as treasury shares pending further actions by the Company.

49. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to March 31, 2026.