

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SICHUAN BIOKIN PHARMACEUTICAL CO., LTD., GOLDMAN SACHS (ASIA) L.L.C., J.P. MORGAN SECURITIES (FAR EAST) LIMITED[#] AND CITIC SECURITIES (HONG KONG) 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 IA-4 to IA-84 which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and June 30, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and June 30, 2025 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 three years ended December 31, 2024 and the six months ended June 30, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages IA-4 to IA-84 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated November 7, 2025 (the “Prospectus”) in connection with the initial listing 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.

[#] In no particular order

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (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, 2022, 2023 and 2024 and June 30, 2025, of the Company’s financial position as at December 31, 2022, 2023 and 2024 and June 30, 2025 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 six months ended June 30, 2024 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” 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 IA-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about dividends declared or paid by the Company in respect of the Track Record Period.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
November 7, 2025

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 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

		Year ended December 31,			Six months ended	
		2022	2023	2024	2024	2025
	NOTES	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	5	701,833	560,416	5,821,050	5,551,795	170,409
Cost of sales		(246,844)	(253,401)	(290,827)	(123,692)	(102,882)
Gross profit		454,989	307,015	5,530,223	5,428,103	67,527
Other income	6	70,489	59,249	253,953	116,200	132,801
Other gains and losses, net	7	(563)	(1,248)	94,310	26,445	(23,447)
Impairment losses under expected credit loss ("ECL") model, net of reversal	8	(7,686)	6,442	(2,191)	968	2,611
Research and development expenses		(375,020)	(746,232)	(1,442,789)	(544,531)	(1,038,637)
Distribution and selling expenses		(324,297)	(251,193)	(214,560)	(106,985)	(105,884)
Administrative expenses		(82,194)	(115,397)	(194,739)	(74,410)	(127,278)
Other expenses		(2,311)	(2,970)	(3,530)	(1,414)	(1,140)
Finance costs	9	(22,481)	(24,679)	(42,523)	(16,649)	(34,463)
(Loss) profit before tax		(289,074)	(769,013)	3,978,154	4,827,727	(1,127,910)
Income tax credit (expense)	10	6,695	(11,486)	(270,649)	(161,387)	9,958
(Loss) profit for the year/period attributable to owners of the Company	11	<u>(282,379)</u>	<u>(780,499)</u>	<u>3,707,505</u>	<u>4,666,340</u>	<u>(1,117,952)</u>
Other comprehensive (expense) income:	12					
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value change on bills receivables at fair value through other comprehensive income ("FVTOCI"), net of income tax		(174)	(52)	6	206	156
Exchange differences on translation from foreign operations		208	(1,615)	(604)	7,651	454
Total other comprehensive income (expense) for the year/period		<u>34</u>	<u>(1,667)</u>	<u>(598)</u>	<u>7,857</u>	<u>610</u>
Total comprehensive (expense) income for the year/period attributable to owners of the Company		<u>(282,345)</u>	<u>(782,166)</u>	<u>3,706,907</u>	<u>4,674,197</u>	<u>(1,117,342)</u>
(Loss) earnings per share (in RMB)	15					
Basic and diluted		<u>(0.78)</u>	<u>(1.95)</u>	<u>9.25</u>	<u>11.64</u>	<u>(2.79)</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOTES	The Group				The Company				
	As at December 31,			As at	As at December 31,			As at	
	2022	2023	2024	June 30,	2022	2023	2024	June 30,	
	RMB'000	RMB'000	RMB'000	2025	RMB'000	RMB'000	RMB'000	2025	RMB'000
NON-CURRENT ASSETS									
Property, plant and equipment	16	408,984	529,805	550,466	617,422	546	365	2,741	4,954
Right-of-use assets	17	40,329	33,191	65,145	83,504	2,720	1,210	2,109	1,035
Investment properties	18	1,842	1,593	1,343	1,218	–	–	–	–
Intangible assets	19	2,271	1,602	2,557	6,273	222	124	31	1,216
Deferred tax assets	20	83,226	76,177	179,195	187,278	11,779	–	–	–
Investment in subsidiaries	47	–	–	–	–	210,070	1,094,468	1,094,468	1,094,568
Deposits for acquisition of property, plant and equipment		28,436	6,911	31,447	16,850	3	–	–	232
		<u>565,088</u>	<u>649,279</u>	<u>830,153</u>	<u>912,545</u>	<u>225,340</u>	<u>1,096,167</u>	<u>1,099,349</u>	<u>1,102,005</u>
CURRENT ASSETS									
Inventories	21	101,327	140,908	149,906	155,519	7,616	2,600	1,326	2,018
Right to returned goods assets	22	6,619	5,951	6,414	5,646	1,090	1,464	1,486	1,156
Contract costs	23	–	–	12,286	28,864	–	–	–	–
Trade and other receivables	24	293,077	205,016	350,901	377,289	69,788	43,379	74,090	67,742
Tax recoverable		–	268	26,609	185,968	–	–	–	–
Amounts due from subsidiaries	25	–	–	–	–	404,107	640,708	1,662,599	2,610,668
Financial assets at fair value through profit or loss (“FVTPL”)	26	–	–	–	4,851	–	–	–	–
Bills receivables at FVTOCI	27	20,581	19,714	20,118	10,256	5,723	12,809	9,204	2,362
Term deposits	28	–	–	2,532,974	2,358,890	–	–	–	–
Restricted bank balances	28	4,046	12,270	–	355,296	3,682	4,770	–	–
Cash and cash equivalents	28	1,000,695	391,693	3,207,998	2,789,796	942,456	42,538	54,585	57,730
		<u>1,426,345</u>	<u>775,820</u>	<u>6,307,206</u>	<u>6,272,375</u>	<u>1,434,462</u>	<u>748,268</u>	<u>1,803,290</u>	<u>2,741,676</u>
CURRENT LIABILITIES									
Borrowings	29	185,603	449,489	830,788	484,411	110,257	298,391	644,380	410,503
Trade and other payables	30	460,386	549,516	758,703	855,606	79,904	49,947	134,574	64,867
Amount due to a related party	14	14	–	–	–	14	14	–	–
Amounts due to subsidiaries	31	–	–	–	–	15,942	30,856	–	9,757
Contract liabilities	32	17,416	8,672	356,135	356,824	7,034	4,659	3,941	4,708
Refund liabilities	22	14,053	11,193	9,725	8,612	2,314	2,754	2,253	1,762
Sale and leaseback payable	33	61,858	41,430	7,735	–	–	–	–	–
Lease liabilities	34	6,965	4,702	12,457	15,126	1,513	923	940	790
Tax payable		4,963	10	14,130	293	–	–	–	–
Deferred income	37	801	1,594	4,983	5,031	–	–	–	–
		<u>752,059</u>	<u>1,066,620</u>	<u>1,994,656</u>	<u>1,725,903</u>	<u>216,978</u>	<u>387,544</u>	<u>786,088</u>	<u>492,387</u>

		The Group				The Company			
		As at December 31,			As at	As at December 31,			As at
		2022	2023	2024	June 30,	2022	2023	2024	June 30,
NOTES		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS									
(LIABILITIES)		674,286	(290,800)	4,312,550	4,546,472	1,217,484	360,724	1,017,202	2,249,289
TOTAL ASSETS LESS									
CURRENT LIABILITIES		1,239,374	358,479	5,142,703	5,459,017	1,442,824	1,456,891	2,116,551	3,351,294
CAPITAL AND RESERVES									
Share capital	36	401,000	401,000	401,000	401,000	401,000	401,000	401,000	401,000
Reserves	36	532,894	(249,127)	3,457,154	2,339,812	920,941	885,971	853,154	812,712
Equity attributable to owners of the Company									
		933,894	151,873	3,858,154	2,740,812	1,321,941	1,286,971	1,254,154	1,213,712
Non-controlling interests									
		–	–	27,771	58,073	–	–	–	–
TOTAL EQUITY		933,894	151,873	3,885,925	2,798,885	1,321,941	1,286,971	1,254,154	1,213,712
NON-CURRENT LIABILITIES									
Borrowings	29	239,960	183,920	1,189,430	2,572,130	119,960	169,920	861,430	2,131,930
Deferred tax liabilities	20	85	–	1,938	2,666	–	–	–	–
Sale and leaseback payable	33	47,223	7,636	–	–	–	–	–	–
Lease liabilities	34	5,723	1,017	28,126	45,186	923	–	967	652
Deferred income	37	12,489	14,033	37,284	40,150	–	–	–	5,000
		305,480	206,606	1,256,778	2,660,132	120,883	169,920	862,397	2,137,582
		1,239,374	358,479	5,142,703	5,459,017	1,442,824	1,456,891	2,116,551	3,351,294

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests		Total
	Share capital	Capital reserve	FVTOCI reserve	Translation reserve	Statutory reserve	Share-based payments reserve	(Accumulated loss)/retained profits	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note i)			(Note ii)					
As at January 1, 2022	360,900	122,599	(86)	2,845	13,537	399	(168,434)	331,760	–	331,760
Loss for the year	–	–	–	–	–	–	(282,379)	(282,379)	–	(282,379)
Other comprehensive (expense) income for the year	–	–	(174)	208	–	–	–	34	–	34
Total comprehensive (expense) income for the year	–	–	(174)	208	–	–	(282,379)	(282,345)	–	(282,345)
Issue of A shares (Note 36)	40,100	844,297	–	–	–	–	–	884,397	–	884,397
Share-based payments (Note 43)	–	–	–	–	–	82	–	82	–	82
As at December 31, 2022	401,000	966,896	(260)	3,053	13,537	481	(450,813)	933,894	–	933,894
Loss for the year	–	–	–	–	–	–	(780,499)	(780,499)	–	(780,499)
Other comprehensive expense for the year	–	–	(52)	(1,615)	–	–	–	(1,667)	–	(1,667)
Total comprehensive expense for the year	–	–	(52)	(1,615)	–	–	(780,499)	(782,166)	–	(782,166)
Share-based payments (Note 43)	–	–	–	–	–	145	–	145	–	145
As at December 31, 2023	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 period	–	–	–	–	–	–	(1,117,952)	(1,117,952)	–	(1,117,952)
Other comprehensive income for the period	–	–	156	454	–	–	–	610	–	610
Total comprehensive income (expense) for the period	–	–	156	454	–	–	(1,117,952)	(1,117,342)	–	(1,117,342)
Share-based payments (Note 43)	–	–	–	–	–	–	–	–	30,302	30,302
As at June 30, 2025	401,000	966,896	(150)	1,288	13,537	–	1,358,241	2,740,812	58,073	2,798,885

Attributable to owners of the Company										
	Share capital	Capital reserve	FVTOCI reserve	Translation reserve	Statutory reserve	Share-based payments reserve	(Accumulated loss)/retained profits	Sub-total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note i)			(Note ii)						
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 period	-	-	-	-	-	-	4,666,340	4,666,340	-	4,666,340
Other comprehensive income for the period	-	-	206	7,651	-	-	-	7,857	-	7,857
Total comprehensive income for the period	-	-	206	7,651	-	-	4,666,340	4,674,197	-	4,674,197
Share-based payments (Note 43)	-	-	-	-	-	(626)	-	(626)	3,132	2,506
As at June 30, 2024 (unaudited)	401,000	966,896	(106)	9,089	13,537	-	3,435,028	4,825,444	3,132	4,828,576

Notes:

- (i) The capital reserve as at January 1, 2022 represented the effect of group reorganization in prior years.
- (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,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
OPERATING ACTIVITIES					
(Loss) profit before tax	(289,074)	(769,013)	3,978,154	4,827,727	(1,127,910)
Adjustments for:					
Interest income on bank deposits	(767)	(5,703)	(206,087)	(84,937)	(115,875)
Loss on bills receivables at FVTOCI reclassified from equity upon derecognition	86	260	312	312	306
Gain on early termination of leases	(7)	(114)	–	–	–
Loss on disposal/written-off of property, plant and equipment	465	254	223	128	235
Impairment losses under ECL model, net of reversal	7,686	(6,442)	2,191	(968)	(2,611)
Allowance for inventories	4,964	12,979	19,354	9,222	14,754
Gain on fair value change of financial assets at FVTPL	–	(4)	(30,675)	(13,555)	(4,851)
Depreciation of property, plant and equipment	56,075	57,178	68,432	33,903	38,291
Depreciation of investment properties	249	249	250	126	125
Depreciation of right-of-use assets	6,289	7,292	12,478	4,417	9,778
Amortization of intangible assets	2,113	2,314	1,768	582	986
Finance costs	22,481	24,679	42,523	16,649	34,463
Net foreign exchange loss (gain)	55	1,107	(63,882)	(13,040)	27,763
Share-based payments expenses	82	145	27,145	2,506	30,302
Release of assets-related government subsidies	(801)	(1,060)	(1,856)	(797)	(2,499)
Release of expense-related government subsidies	(17,970)	(1,600)	(2,843)	(2,843)	–
Operating cash flows before movements in working capital	(208,074)	(677,479)	3,847,487	4,779,432	(1,096,743)
Increase in inventories	(23,964)	(52,560)	(28,352)	(22,499)	(20,367)
(Increase) decrease in bills receivables at FVTOCI	(14,044)	590	(710)	12,858	9,712
(Increase) decrease in trade and other receivables	(89,110)	126,093	(109,040)	16,154	(26,646)
Decrease (increase) in right to returned goods asset	305	668	(463)	909	768
Increase in contract costs	–	–	(12,286)	–	(16,578)
Increase (decrease) in trade and other payables	80,483	6,083	183,150	(45,622)	93,028
Decrease in refund liabilities	(1,760)	(2,860)	(1,468)	(1,837)	(1,113)
Decrease in amount due to a related party	–	–	(14)	–	–
Increase in deferred income	169	–	–	–	–
Increase (decrease) in contract liabilities	6,633	(8,744)	347,463	350,483	689
Cash (used in) generated from operations	(249,362)	(608,209)	4,225,767	5,089,878	(1,057,250)
Income tax paid	(7,278)	(9,778)	(383,950)	(70,064)	(170,593)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(256,640)	(617,987)	3,841,817	5,019,814	(1,227,843)

APPENDIX IA
ACCOUNTANTS' REPORT

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
INVESTING ACTIVITIES					
Assets-related government subsidies received	848	4,997	31,339	–	5,413
Interest on bank balances received	767	5,703	173,357	36,351	89,664
Purchase of property, plant and equipment and intangible assets	(34,556)	(81,939)	(83,879)	(21,884)	(105,263)
Proceeds from disposal of property, plant and equipment	10	60	14	8	158
Purchase of financial assets at FVTPL	–	(20,050)	(1,619,270)	(1,619,270)	–
Proceeds from disposal of financial assets at FVTPL	–	20,054	1,649,945	–	–
Placement of term deposits	–	–	(2,713,642)	–	(2,085,253)
Withdrawal from term deposits	–	–	201,275	–	2,293,018
Placement of restricted bank balances	(14,046)	(45,403)	(40,510)	(39,855)	(355,296)
Withdrawal from restricted bank balances	10,000	37,179	52,780	12,365	–
NET CASH USED IN INVESTING ACTIVITIES	(36,977)	(79,399)	(2,348,591)	(1,632,285)	(157,559)
FINANCING ACTIVITIES					
Interest paid	(21,258)	(25,615)	(40,684)	(16,277)	(34,440)
New bank borrowings raised	375,000	447,700	1,903,930	545,000	1,629,800
Repayment of bank borrowings	(161,000)	(239,740)	(518,960)	(67,020)	(593,500)
Repayment of lease liabilities	(4,887)	(7,009)	(9,568)	(4,411)	(8,408)
Proceeds from issue of shares	907,472	–	–	–	–
Proceeds from sale and leaseback of equipment	93,000	–	–	–	–
Repayment of sale and leaseback of equipment	(46,303)	(59,193)	(41,331)	(22,206)	(7,735)
Transaction costs attributable to issue of shares	(2,191)	(25,140)	(19,496)	(429)	(5,830)
NET CASH FROM FINANCING ACTIVITIES	1,139,833	91,003	1,273,891	434,657	979,887
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	846,216	(606,383)	2,767,117	3,822,186	(405,515)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	154,222	1,000,695	391,693	391,693	3,207,998
Effect of foreign exchange rate changes	257	(2,619)	49,188	14,179	(12,687)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	1,000,695	391,693	3,207,998	4,228,058	2,789,796
Represented by:					
Bank balances and cash	999,333	386,720	776,818	4,222,888	1,930,764
Certificates of deposit	1,362	4,973	2,431,180	5,170	859,032
	1,000,695	391,693	3,207,998	4,228,058	2,789,796

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated 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 Prospectus.

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, 2025, 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 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards- Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements 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, 2026

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

IFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace IAS 1 "Presentation of Financial Statements". The new IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss and other comprehensive income; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18 will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the Group's consolidated financial statements.

Except as described above, the directors of the Company consider that the application of all the amendments to IFRS Accounting Standards is unlikely to have a material impact on the Group's financial position and performance in 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

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 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 includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date; and
- any initial direct costs incurred by the Group.

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 shorter of its estimated useful life and 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.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

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. 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 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 and others providing similar services 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 (loss) profit before taxation 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.

Investment in subsidiaries

Investment 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 (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 statement 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.

Financial instruments

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

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

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

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. 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 both the current conditions at the reporting date as well as the forecast of future 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 foregoing, 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, amounts due to subsidiaries and amount due to a related party 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.

All derivatives of the Group are presented as current assets as the remaining maturity of the instruments are within 12 months.

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.

Estimated impairment of 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 every reporting date, 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,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Type of goods or services					
Sale of pharmaceutical products:					
– Distributors	697,712	554,687	483,783	218,806	161,197
– Direct sales to retail pharmacies	4,121	5,729	2,976	1,265	2,683
Others	–	–	2,567	–	6,529
	<u>701,833</u>	<u>560,416</u>	<u>489,326</u>	<u>220,071</u>	<u>170,409</u>
License fee income	–	–	5,331,724	5,331,724	–
	<u>–</u>	<u>–</u>	<u>5,331,724</u>	<u>5,331,724</u>	<u>–</u>
Total	<u>701,833</u>	<u>560,416</u>	<u>5,821,050</u>	<u>5,551,795</u>	<u>170,409</u>
Timing of revenue recognition					
At point in time	<u>701,833</u>	<u>560,416</u>	<u>5,821,050</u>	<u>5,551,795</u>	<u>170,409</u>

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. The remaining transaction price of USD49,000,000 (equivalent to approximately RMB347,979,000) is allocated to the performance obligation of transferring manufacturing technology, which is recorded in contract liability and the timing of transfer is at the discretion of the customer.

The above arrangement is set out in "Iza-bren (EGFR × HER3 bispecific ADC)" under the section "BUSINESS" of the Prospectus.

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/region of domicile, is detailed below:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue					
– PRC	701,833	560,416	486,759	220,071	163,880
– U.S.	–	–	5,334,291	5,331,724	6,529
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>701,833</u>	<u>560,416</u>	<u>5,821,050</u>	<u>5,551,795</u>	<u>170,409</u>

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

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Non-current assets (Note)				
– PRC	470,198	562,321	618,500	684,291
– U.S.	11,664	10,781	32,458	40,976
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>481,862</u>	<u>573,102</u>	<u>650,958</u>	<u>725,267</u>

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,			Six months ended	
		2022	2023	2024	June 30,	2025
		RMB'000	RMB'000	RMB'000	2024	2025
					(unaudited)	
Customer A	Sale of pharmaceutical products	110,106	83,550	#	#	28,367
Customer B	License fee income and others	–	–	5,334,291	5,331,724	#
Customer C	Sale of pharmaceutical products	#	#	#	#	31,090
		<u>110,106</u>	<u>83,550</u>	<u>5,334,291</u>	<u>5,331,724</u>	<u>59,457</u>

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

6. OTHER INCOME

	Year ended December 31,			Six months ended	
	2022	2023	2024	June 30,	2025
	RMB'000	RMB'000	RMB'000	2024	2025
				(unaudited)	
Interest income on bank deposits	767	5,703	206,087	84,937	115,875
Rental and rental-related income	1,403	1,429	1,668	926	789
Government grants (Note)	49,441	49,329	39,958	26,638	13,619
Release of expense-related government subsidies (Note 37)	17,970	1,600	2,843	2,843	–
Release of assets-related government subsidies (Note 37)	801	1,060	1,856	797	2,499
Others	107	128	1,541	59	19
Total	<u>70,489</u>	<u>59,249</u>	<u>253,953</u>	<u>116,200</u>	<u>132,801</u>

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,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Losses on disposal/written-off of property, plant and equipment	(465)	(254)	(223)	(128)	(235)
Gain on fair value change of financial assets at FVTPL	–	4	30,675	13,555	4,851
Net foreign exchange (loss) gain	(55)	(1,107)	63,882	13,040	(27,763)
Others	(43)	109	(24)	(22)	(300)
Total	(563)	(1,248)	94,310	26,445	(23,447)

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Impairment losses (reversed)/recognized on:					
– bills receivables	(216)	47	(413)	(145)	(170)
– trade receivables	7,585	(6,646)	579	(1,359)	(1,789)
– other receivables	317	157	2,025	536	(652)
Total	7,686	(6,442)	2,191	(968)	(2,611)

Details of impairment assessment are set out in Note 44.

9. FINANCE COSTS

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expense on:					
– bank borrowings	12,494	18,500	40,202	15,160	33,736
– sale and leaseback payable	9,390	5,733	1,117	1,103	5
– lease liabilities	597	446	1,204	386	722
Total	22,481	24,679	42,523	16,649	34,463

10. INCOME TAX (CREDIT) EXPENSE

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PRC Enterprise Income Tax ("EIT")					
– current tax	7,380	854	145,621	52,778	14
– under(over)provision in prior years/periods	3,323	3,703	1,817	51	(2,614)
U.S. EIT	–	–	224,285	255,339	–
Deferred tax (<i>Note 20</i>)	(17,398)	6,929	(101,074)	(146,781)	(7,358)
	<u>(6,695)</u>	<u>11,486</u>	<u>270,649</u>	<u>161,387</u>	<u>(9,958)</u>

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 the group entities established in the PRC (other than those as described below) is 25% for the Track Record Period.

The subsidiary of the Company, namely 拉薩新博藥業有限責任公司 (Lhasa Xinbo Pharmaceutical Co., Ltd.*) ("Lhasa Xinbo") that is engaged in the "Encouraged Industries in the Western Region" is eligible for the preferential EIT rate at 15% for the Track Record Period.

On November 11, 2019, the "Certificate of New Hi-tech Enterprise" was granted to a subsidiary of the Company, namely 四川百利藥業有限責任公司 (Sichuan Baili Pharmaceutical Co., Ltd.*) ("Baili Pharmaceutical"), which was expired in 2021 and renewed on December 12, 2023 with a valid period of three years. Hence, Baili Pharmaceutical is eligible for the preferential EIT rate of 15% for the years ended December 31, 2023 and 2024 and the six months ended June 30, 2025. For the year ended December 31, 2022, Baili Pharmaceutical was engaged in the "Encouraged Industries in the Western Region" and was eligible for the preferential EIT rate at 15%.

On December 3, 2020, the "Certificate of New Hi-tech Enterprise" was granted to a subsidiary of the Company, namely 四川國瑞藥業有限責任公司 (Sichuan Guorui Pharmaceutical Co., Ltd.*) ("Guorui Pharmaceutical"), and was renewed on December 12, 2023 with a valid period of three years. Guorui Pharmaceutical is eligible for the preferential EIT rate at 15% for the Track Record Period.

Since 2023, two subsidiaries of the Company, namely 成都海亞特科技有限責任公司 (Chengdu Hiatt Technology Co., Ltd.*) ("Hiatt Technology") and 拉薩天澤藥業有限責任公司 (Lhasa Tianze Pharmaceutical Co., Ltd.*) ("Tianze Pharmaceutical"), are qualified as small and micro enterprises and are eligible for the preferential EIT rate at 20%.

Since 2024, a subsidiary of the Company, namely 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 is engaged in the "Encouraged Industries in the Western Region", is eligible for the preferential EIT rate at 15%.

SysImmune, INC. ("SysImmune"), a subsidiary of the Company is subject to U.S. EIT representing 21% of the applicable U.S. Federal Income Tax rate and blended average rate of 0.3% of the State Income Tax arising from applicable States in the U.S..

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 (loss) profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss) profit before tax	(289,074)	(769,013)	3,978,154	4,827,727	(1,127,910)
Tax (credit) expense at the PRC EIT rate of 25%	(72,269)	(192,253)	994,539	1,206,932	(281,978)
Income tax at concessionary rate	4,307	3,369	(436,750)	(356,392)	73,180
Under(over)provision in prior years	3,323	3,703	1,817	51	(2,614)
Tax effect of expenses not deductible for tax purposes	4,492	16,629	9,184	442	3,986
Utilization of tax losses previously not recognized	(321)	(332)	(353,835)	(366,524)	–
Tax effect of tax losses or deductible temporary differences not recognized	117,381	293,017	434,728	15,793	290,353
Reversal of previously recognized deferred tax assets	–	11,764	40,854	–	–
Extra deduction of research and development expenses	(55,804)	(122,678)	(131,908)	(40,494)	(97,199)
Recognition of deductible temporary differences previously not recognized	–	–	(13,198)	(17,281)	–
Tax effect of income not taxable for tax purpose (Note)	–	–	(275,608)	(281,663)	–
Others	(7,804)	(1,733)	826	523	4,314
Income tax (credit) expense	(6,695)	11,486	270,649	161,387	(9,958)

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. (LOSS) PROFIT FOR THE YEAR/PERIOD

(Loss) profit for the year/period has been arrived at after charging:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation of property, plant and equipment	56,075	57,178	68,432	33,903	38,291
Depreciation of investment properties	249	249	250	126	125
Depreciation of right-of-use assets	6,289	7,292	12,478	4,417	9,778
Total depreciation	62,613	64,719	81,160	38,446	48,194
Capitalized in inventories	(21,915)	(21,260)	(18,688)	(9,721)	(9,157)
	40,698	43,459	62,472	28,725	39,037
Amortization of intangible assets	2,113	2,314	1,768	582	986

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Staff costs					
Directors', chief executive's and supervisors' remuneration (Note 14)	5,386	7,510	19,941	6,073	25,408
Other staff costs	215,429	266,163	456,070	173,895	278,890
Other staffs' benefit	32,878	40,637	83,024	39,502	57,600
Other staffs' share-based payments	82	22	20,932	2,424	12,512
Total staff costs	253,775	314,332	579,967	221,894	374,410
Capitalized in inventories	(51,102)	(52,008)	(59,400)	(27,892)	(30,108)
	202,673	262,324	520,567	194,002	344,302
Cost of inventories recognized as expenses (Note)	213,778	211,669	244,960	103,843	93,111

Note: The amount includes allowance for inventories amounted to RMB4,964,000, RMB12,979,000, RMB19,354,000, RMB9,222,000 (unaudited) and RMB14,754,000 for each of the three years ended December 31, 2024 and the six months ended June 30, 2024 and 2025, respectively.

12. OTHER COMPREHENSIVE INCOME (EXPENSE)

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other comprehensive income (expense) includes:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value change arising from bills receivables at FVTOCI	(260)	(312)	(306)	(106)	(150)
Reclassification to profit or loss during the year/period upon derecognition of bills receivables at FVTOCI	86	260	312	312	306
Exchange differences on translation of foreign operations	208	(1,615)	(604)	7,651	454
	34	(1,667)	(598)	7,857	610

Income tax effect relating to other comprehensive income (expense):

	Year ended December 31, 2022			Year ended December 31, 2023			Year ended December 31, 2024		
	Before-tax amount RMB'000	Tax credit RMB'000	Net-of- income tax amount RMB'000	Before-tax amount RMB'000	Tax charge RMB'000	Net-of- income tax amount RMB'000	Before-tax amount RMB'000	Tax credit RMB'000	Net-of- income tax amount RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Fair value (loss) gain on bills receivables at FVTOCI	(208)	34	(174)	(17)	(35)	(52)	–	6	6
Exchange differences on translation from foreign operations	208	–	208	(1,615)	–	(1,615)	(604)	–	(604)
	<u>–</u>	<u>34</u>	<u>34</u>	<u>(1,632)</u>	<u>(35)</u>	<u>(1,667)</u>	<u>(604)</u>	<u>6</u>	<u>(598)</u>

	Six months ended June 30, 2024			Six months ended June 30, 2025		
	Before-tax amount RMB'000 (unaudited)	Tax charge RMB'000 (unaudited)	Net-of- income tax amount RMB'000 (unaudited)	Before-tax amount RMB'000	Tax charge RMB'000	Net-of- income tax amount RMB'000
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Fair value gain on bills receivables at FVTOCI	210	(4)	206	159	(3)	156
Exchange differences on translation from foreign operations	7,651	–	7,651	454	–	454
	<u>7,861</u>	<u>(4)</u>	<u>7,857</u>	<u>613</u>	<u>(3)</u>	<u>610</u>

13. DIVIDENDS

The Group and the Company

No dividend was paid or proposed for 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, 2022

	Fees <i>RMB'000</i>	Basic salaries <i>RMB'000</i>	Retirement benefit <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Dr. Zhu Yi (<i>Note i</i>)	–	1,120	15	1,135
Ms. Zhang Suyu (<i>Note ii</i>)	–	1,000	–	1,000
Mr. Zhu Xi	–	1,003	15	1,018
Mr. Kang Jian (<i>Note viii</i>)	–	677	15	692
Mr. Zhuo Shi	–	768	15	783
Independent non-executive directors:				
Mr. Li Mingyuan	120	–	–	120
Mr. Yu Xiong (<i>Note viii</i>)	120	–	–	120
Mr. Yang Min (<i>Note viii</i>)	120	–	–	120
Supervisors:				
Ms. Lin Xia	–	220	15	235
Mr. Ding Yang	–	–	15	15
Mr. Liu Liang	–	134	14	148
	<u>360</u>	<u>4,922</u>	<u>104</u>	<u>5,386</u>

Year ended December 31, 2023

	Fees <i>RMB'000</i>	Basic Salaries <i>RMB'000</i>	Retirement benefit <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Dr. Zhu Yi (<i>Note i</i>)	–	2,460	61	2,521
Ms. Zhang Suyu (<i>Note ii</i>)	–	1,000	–	1,000
Mr. Zhu Xi	–	1,002	21	1,023
Mr. Kang Jian (<i>Note viii</i>)	–	699	21	720
Mr. Zhuo Shi	–	1,273	23	1,296
Independent non-executive directors:				
Mr. Li Mingyuan	120	–	–	120
Mr. Yu Xiong (<i>Note viii</i>)	120	–	–	120
Mr. Yang Min (<i>Note viii</i>)	120	–	–	120
Supervisors:				
Ms. Lin Xia (<i>Note iii</i>)	–	44	4	48
Mr. Ding Yang (<i>Note iv</i>)	–	–	16	16
Mr. Liu Liang	–	155	17	172
Ms. Wang Jie (<i>Note iii</i>)	–	95	13	108
Ms. Fu Ting (<i>Note iv</i>)	–	109	14	123
	<u>360</u>	<u>6,837</u>	<u>190</u>	<u>7,387</u>

Year ended December 31, 2024

	Fees	Basic salaries	Performance related bonuses	Retirement benefit	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Dr. Zhu Yi (<i>Note i</i>)	–	3,327	–	64	3,391
Ms. Zhang Suyu (<i>Note ii</i>)	–	1,000	–	–	1,000
Mr. Zhu Xi (<i>Note v</i>)	–	50	–	7	57
Mr. Kang Jian (<i>Note viii</i>)	–	703	–	88	791
Mr. Zhuo Shi	–	1,657	–	88	1,745
Dr. Zhu Hai (<i>Note vi</i>)	–	4,269	1,421 [^]	83	5,773
Independent non-executive directors:					
Mr. Li Mingyuan	120	–	–	–	120
Mr. Yu Xiong (<i>Note viii</i>)	120	–	–	–	120
Mr. Yang Min (<i>Note viii</i>)	120	–	–	–	120
Dr. Xiao Geng (<i>Note vii</i>)	60	–	–	–	60
Supervisors:					
Mr. Liu Liang	–	187	–	42	229
Ms. Wang Jie	–	114	–	33	147
Ms. Fu Ting	–	137	–	38	175
	<u>420</u>	<u>11,444</u>	<u>1,421</u>	<u>443</u>	<u>13,728</u>

Six months ended June 30, 2025

	Fees	Basic salaries	Retirement benefit	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:				
Dr. Zhu Yi (<i>Note i</i>)	–	2,465	57	2,522
Ms. Zhang Suyu (<i>Note ii</i>)	–	1,160	–	1,160
Mr. Kang Jian (<i>Note viii</i>)	–	448	46	494
Mr. Zhuo Shi	–	876	46	922
Dr. Zhu Hai (<i>Note vi</i>)	–	1,960	49	2,009
Independent non-executive directors:				
Mr. Li Mingyuan	60	–	–	60
Mr. Yu Xiong (<i>Note viii</i>)	60	–	–	60
Mr. Yang Min (<i>Note viii</i>)	60	–	–	60
Dr. Xiao Geng (<i>Note vii</i>)	60	–	–	60
Supervisors:				
Mr. Liu Liang	–	95	28	123
Ms. Wang Jie	–	57	18	75
Ms. Fu Ting	–	52	21	73
	<u>240</u>	<u>7,113</u>	<u>265</u>	<u>7,618</u>

Six months ended June 30, 2024 (unaudited)

	Fees	Basic	Performance	Retirement	Total
	<i>RMB'000</i>	<i>salaries</i>	<i>related</i>	<i>benefit</i>	
		<i>RMB'000</i>	<i>bonuses</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:					
Dr. Zhu Yi (<i>Note i</i>)	–	1,404	–	38	1,442
Ms. Zhang Suyu (<i>Note ii</i>)	–	500	–	–	500
Mr. Zhu Xi (<i>Note v</i>)	–	50	–	7	57
Mr. Kang Jian (<i>Note viii</i>)	–	356	–	43	399
Mr. Zhuo Shi	–	796	–	43	839
Dr. Zhu Hai (<i>Note vi</i>)	–	796	1,421 [^]	82	2,299
Independent non-executive directors:					
Mr. Li Mingyuan	60	–	–	–	60
Mr. Yu Xiong (<i>Note viii</i>)	60	–	–	–	60
Mr. Yang Min (<i>Note viii</i>)	60	–	–	–	60
Supervisors:					
Mr. Liu Liang	–	94	–	21	115
Ms. Wang Jie	–	58	–	17	75
Ms. Fu Ting	–	66	–	19	85
	<u>180</u>	<u>4,120</u>	<u>1,421</u>	<u>270</u>	<u>5,991</u>

[^] 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 Suyu is the executive director and the chief financial officer of the Company.
- (iii) Ms. Lin Xia tendered her resignation as a supervisor with effect from March 6, 2023 whereas Ms. Wang Jie was appointed as a supervisor on the same day.
- (iv) Mr. Ding Yang tendered his resignation as a supervisor with effect from March 6, 2023 whereas Ms. Fu Ting was appointed as a supervisor on the same day.
- (v) Mr. Zhu Xi resigned as the executive director of the Company on January 30, 2024.
- (vi) Dr. Zhu Hai was appointed as the executive director of the Company on February 19, 2024.
- (vii) Dr. Xiao Geng was appointed as the independent non-executive director of the Company on July 8, 2024.
- (viii) 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.

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

In addition, 200,750 and 2,834,000 share options of SystImmune (as disclosed in Note 43) were granted to Dr. Zhu Yi on March 1, 2023 and October 18, 2024, respectively. During the years ended December 31, 2023 and 2024 and the six months ended June 30, 2024 and 2025, Dr. Zhu Yi received share-based payments amounted to approximately RMB123,000, RMB1,597,000, RMB73,000 (unaudited) and RMB4,036,000, respectively, and his total emoluments amounted to RMB2,644,000, RMB5,011,000, RMB1,515,000 (unaudited) and RMB6,558,000, respectively.

50,000 and 9,928,000 share options of SystImmune were granted to Dr. Zhu Hai on June 14, 2023 and October 18, 2024, respectively. During the year ended December 31, 2024 and the six months ended June 30, 2024 and 2025, Dr. Zhu Hai received share-based payments amounted to approximately RMB4,616,000, RMB9,000 (unaudited) and RMB13,754,000 and his total emoluments amounted to RMB10,447,000, RMB2,308,000 (unaudited) and RMB15,763,000, respectively.

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 1, 1, 2, 1 (unaudited) and 2 directors for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, whose emoluments are included in the disclosures above. The emoluments of the remaining 4, 4, 3, 4 (unaudited) and 3 individuals for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and allowance	5,932	9,734	9,936	4,708	6,413
Performance related bonuses	1,504	3,081	6,845	3,278	–
Retirement benefit	106	258	88	128	119
	<u>7,542</u>	<u>13,073</u>	<u>16,869</u>	<u>8,114</u>	<u>6,532</u>

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:

	Number of employees			Six months ended	
	Year ended December 31,	2023	2024	2024	2025
	2022			(unaudited)	
Emolument bands					
Hong Kong Dollar ("HK\$")					
1,000,001 to HK\$1,500,000	2	–	–	–	1
HK\$1,500,001 to HK\$2,000,000	1	–	–	1	–
HK\$2,000,001 to HK\$2,500,000	–	–	–	2	–
HK\$2,500,001 to HK\$3,000,000	–	2	–	1	1
HK\$3,000,001 to HK\$3,500,000	–	–	–	–	1
HK\$3,500,001 to HK\$4,000,000	–	–	1	–	–
HK\$4,000,001 to HK\$4,500,000	1	2	–	–	–
HK\$6,500,001 to HK\$7,000,000	–	–	1	–	–
HK\$7,500,001 to HK\$8,000,000	–	–	1	–	–
	<u>4</u>	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</u>

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. (LOSS) EARNINGS PER SHARE

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

	Year ended December 31,			Six months ended	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(Loss) earnings for the year/period:					
(Loss) earnings for the purpose of basic					
(loss) earnings per share	(282,379)	(780,499)	3,707,505	4,666,340	(1,117,952)
Number of shares ('000)					
Weighted average number of ordinary					
shares for the purpose of basic (loss)					
earnings per share	361,559	401,000	401,000	401,000	401,000

Diluted (loss) earnings per share for each reporting period is same as the basic (loss) earnings per share as (i) the assumed exercise of the outstanding share options granted by SystImmune, as disclosed in Note 43, would result in a decrease in loss per share for the years ended December 31, 2022 and 2023 and for the six months ended June 30, 2025 and an increase in earnings per share for the year ended December 31, 2024; and (ii) the effect of the outstanding share options granted by SystImmune is insignificant for the six months ended June 30, 2024 (unaudited).

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, 2022	300,819	407,867	11,884	28,663	18,175	767,408
Additions	–	14,222	–	826	59,198	74,246
Transfer	1,519	8,642	–	–	(10,161)	–
Disposals/written-off	(113)	(2,784)	–	–	–	(2,897)
At December 31, 2022	302,225	427,947	11,884	29,489	67,212	838,757
Additions	–	15,333	–	691	162,289	178,313
Transfer	2,330	102,400	–	43,403	(148,133)	–
Disposals/written-off	–	(3,317)	–	(2)	–	(3,319)
At December 31, 2023	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)

	Buildings and structures <i>RMB'000</i>	Equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Buildings improvements <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At December 31, 2024	325,300	626,587	13,529	98,759	35,508	1,099,683
Additions	–	40,024	–	–	65,616	105,640
Transfer	278	2,245	–	6,517	(9,040)	–
Disposals/written-off	–	(13,700)	(56)	–	–	(13,756)
At June 30, 2025	325,578	655,156	13,473	105,276	92,084	1,191,567
Depreciation						
At January 1, 2022	128,771	225,437	9,592	12,320	–	376,120
Provided for the year	14,226	37,774	670	3,405	–	56,075
Eliminated on disposals/written-off	(63)	(2,359)	–	–	–	(2,422)
At December 31, 2022	142,934	260,852	10,262	15,725	–	429,773
Provided for the year	13,346	39,116	586	4,130	–	57,178
Eliminated on disposals/written-off	–	(3,005)	–	–	–	(3,005)
At December 31, 2023	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 period	7,242	26,289	284	4,476	–	38,291
Eliminated on disposals/written-off	–	(13,310)	(53)	–	–	(13,363)
At June 30, 2025	178,463	352,349	11,724	31,609	–	574,145
Carrying values						
At December 31, 2022	159,291	167,095	1,622	13,764	67,212	408,984
At December 31, 2023	148,275	245,400	1,036	53,726	81,368	529,805
At December 31, 2024	154,079	287,217	2,036	71,626	35,508	550,466
At June 30, 2025	147,115	302,807	1,749	73,667	92,084	617,422

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, 2022	2,221	1,888	1,497	–	5,606
Additions	137	–	–	–	137
Disposals	(258)	–	–	–	(258)
At December 31, 2022	2,100	1,888	1,497	–	5,485
Additions	79	–	–	–	79
Disposals	(48)	–	–	–	(48)
At December 31, 2023	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	–	–	1,978	714	2,692
Disposals/written-off	(109)	–	–	–	(109)
At June 30, 2025	2,091	3,533	3,475	1,575	10,674
Depreciation					
At January 1, 2022	1,943	1,444	1,497	–	4,884
Provided for the year	100	200	–	–	300
Eliminated on disposals	(245)	–	–	–	(245)
At December 31, 2022	1,798	1,644	1,497	–	4,939
Provided for the year	108	150	–	–	258
Eliminated on disposals	(46)	–	–	–	(46)
At December 31, 2023	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 period	105	260	109	–	474
Eliminated on disposals/ written-off	(104)	–	–	–	(104)
At June 30, 2025	1,800	2,314	1,606	–	5,720
Carrying values					
At December 31, 2022	302	244	–	–	546
At December 31, 2023	271	94	–	–	365
At December 31, 2024	401	1,479	–	861	2,741
At June 30, 2025	291	1,219	1,869	1,575	4,954

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, 2022	29,231	13,990	43,221
Additions	–	3,685	3,685
Derecognition upon termination of leases	–	(288)	(288)
Charge for the year	(913)	(5,376)	(6,289)
At December 31, 2022	28,318	12,011	40,329
Additions	–	1,489	1,489
Derecognition upon termination of leases	–	(1,335)	(1,335)
Charge for the year	(913)	(6,379)	(7,292)
At December 31, 2023	27,405	5,786	33,191
Additions	–	44,432	44,432
Charge for the year	(913)	(11,565)	(12,478)
At December 31, 2024	26,492	38,653	65,145
Additions	–	28,137	28,137
Charge for the period	(456)	(9,322)	(9,778)
At June 30, 2025	<u>26,036</u>	<u>57,468</u>	<u>83,504</u>

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	14.29%-66.67%

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Expense relating to short-term leases	120	1,065	1,112	467	567
Total cash outflow for leases	<u>5,604</u>	<u>8,520</u>	<u>11,884</u>	<u>5,264</u>	<u>9,697</u>

During the Track Record Period, the Group leases buildings for its operations. Lease contracts are entered into for fixed term of 18 to 84 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 <i>RMB'000</i>
At January 1, 2022	3,834
Addition	657
Derecognition upon termination	(288)
Charge for the year	(1,483)
At December 31, 2022	2,720
Charge for the year	(1,510)
At December 31, 2023	1,210
Addition	2,570
Charge for the year	(1,671)
At December 31, 2024	2,109
Charge for the period	(1,074)
At June 30, 2025	1,035

18. INVESTMENT PROPERTIES

The Group

Buildings
RMB'000

Cost

At January 1, 2022, December 31, 2022, 2023 and 2024 and June 30, 2025	5,248
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Amortization

At January 1, 2022	3,157
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Charge for the year	249
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At December 31, 2022	3,406
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Charge for the year	249
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At 31 December 2023	3,655
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Charge for the year	250
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At December 31, 2024	3,905
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Charge for the period	125
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At June 30, 2025	4,030
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Carrying values

At December 31, 2022	1,842
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At December 31, 2023	1,593
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At December 31, 2024	1,343
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At June 30, 2025	1,218
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19. INTANGIBLE ASSETS

The Group

	Proprietary technologies <i>RMB'000</i>	Computer software <i>RMB'000</i>	Trademark <i>RMB'000</i>	Database use right <i>RMB'000</i>	Total <i>RMB'000</i>
Cost					
At January 1, 2022	24,019	3,775	298	2,596	30,688
Addition	—	—	—	1,588	1,588
At December 31, 2022	24,019	3,775	298	4,184	32,276
Addition	—	—	—	1,645	1,645
At December 31, 2023	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
Additions	—	3,348	—	1,354	4,702
At June 30, 2025	24,019	7,123	298	9,906	41,346
Amortization and impairment					
At January 1, 2022	22,838	3,028	298	1,728	27,892
Charge for the year	464	254	—	1,395	2,113
At December 31, 2022	23,302	3,282	298	3,123	30,005
Charge for the year	442	178	—	1,694	2,314
At December 31, 2023	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 period	—	186	—	800	986
At June 30, 2025	24,019	3,775	298	6,981	35,073
Carrying values					
At December 31, 2022	717	493	—	1,061	2,271
At December 31, 2023	275	315	—	1,012	1,602
At December 31, 2024	—	186	—	2,371	2,557
At June 30, 2025	—	3,348	—	2,925	6,273

The Company

	Computer software RMB'000	Database use right RMB'000	Total RMB'000
Cost			
At January 1, 2022, December 31, 2022, 2023 and 2024	1,523	–	1,523
Addition	–	1,281	1,281
At June 30, 2025	1,523	1,281	2,804
Amortization			
At January 1, 2022	1,175	–	1,175
Charge for the year	126	–	126
At December 31, 2022	1,301	–	1,301
Charge for the year	98	–	98
At December 31, 2023	1,399	–	1,399
Charge for the year	93	–	93
At December 31, 2024	1,492	–	1,492
Charge for the period	11	85	96
At June 30, 2025	1,503	85	1,588
Carrying values			
At December 31, 2022	222	–	222
At December 31, 2023	124	–	124
At December 31, 2024	31	–	31
At June 30, 2025	20	1,196	1,216

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	33.33%-100.00%

20. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets (liabilities) recognized and movements thereon during the Track Record 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	Others RMB'000	Total RMB'000
At January 1, 2022	3,193	(3,155)	3,066	54,708	3,597	1,682	-	-	-	2,618	65,709
Credit (charge) to profit or loss	745	528	(524)	20,427	(2,735)	(118)	-	-	-	(925)	17,398
Credit to the other comprehensive income	-	-	-	-	-	-	-	-	-	34	34
At December 31, 2022	3,938	(2,627)	2,542	75,135	862	1,564	-	-	-	1,727	83,141
(Charge) credit to profit or loss	(3,084)	1,546	(1,461)	(4,659)	(77)	(745)	-	-	-	1,551	(6,929)
Charge to the other comprehensive income	-	-	-	-	-	-	-	-	-	(35)	(35)
At December 31, 2023	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	171,257
(Charge) credit to profit or loss	(195)	(3,348)	3,348	5,931	(33)	(58)	-	26,453	(22,351)	(2,389)	7,358
Charge to the other comprehensive income	-	-	-	-	-	-	-	-	-	(3)	(3)
At June 30, 2025	630	(9,262)	9,262	35,553	261	523	52,197	96,082	-	(634)	184,612
At January 1, 2024	854	(1,081)	1,081	70,476	785	819	-	-	-	3,243	76,177
(Charge) credit to profit or loss	(176)	(3,297)	3,297	-	(459)	(102)	52,164	95,445	-	(91)	146,781
Charge to the other comprehensive income	-	-	-	-	-	-	-	-	-	(4)	(4)
At June 30, 2024 (unaudited)	678	(4,378)	4,378	70,476	326	717	52,164	95,445	-	3,148	222,954

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 June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	83,226	76,177	179,195	187,278
Deferred tax liabilities	(85)	—	(1,938)	(2,666)
	<u>83,141</u>	<u>76,177</u>	<u>177,257</u>	<u>184,612</u>

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had unused tax losses of RMB1,201,045,000, RMB2,390,978,000, RMB721,486,000 and RMB1,940,179,000, under PRC EIT, respectively, available to offset against future profits. A deferred tax asset has been recognized in respect of RMB476,299,000, RMB469,840,000, RMB197,478,000 and RMB237,021,000 of such losses as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. No deferred tax asset has been recognized in respect of the remaining approximately RMB724,746,000, RMB1,921,138,000, RMB524,008,000, and RMB1,703,158,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, due to the unpredictability of future profit streams. The losses as at December 31, 2022, 2023 and 2024 and June 30, 2025 will expire in various years before 2032, 2033, 2034 and 2035 respectively.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had tax losses of RMB332,998,000, RMB479,680,000, nil and RMB103,855,000, under U.S. EIT, respectively, available to offset against future profits. No deferred tax asset has been recognized in respect of all such tax losses due to unpredictability of future profit streams. The losses as at December 31, 2022, 2023 and 2024 and June 30, 2025 will expire in various years before 2042, 2043, 2044 and 2045 respectively. As at December 31, 2022, 2023, 2024 and June 30, 2025, the Group had timing difference on research and development expenses of RMB46,325,000, RMB70,479,000, RMB2,250,535,000 and RMB2,758,838,000, under U.S. EIT, respectively. A deferred tax asset has been recognized in respect of nil, nil, RMB325,290,000 and RMB449,483,000 of such timing difference as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. No deferred tax asset has been recognized in respect of the remaining approximately RMB46,325,000, RMB70,479,000, RMB1,925,245,000, and RMB2,309,355,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, due to the unpredictability of future profit streams.

The Company

	Right-of- use assets	Lease liabilities	Tax losses	Selling rebates/ refund liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	(959)	880	5,818	435	2,254	8,428
Credit (charge) to profit or loss	279	(271)	3,406	(60)	(9)	3,345
Credit to the other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6</u>	<u>6</u>
At December 31, 2022	(680)	609	9,224	375	2,251	11,779
Credit (charge) to profit or loss	370	(299)	(9,224)	(375)	(2,236)	(11,764)
Charge to the other comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(15)</u>	<u>(15)</u>

	Right-of- use assets RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Selling rebates/ refund liabilities RMB'000	Others RMB'000	Total RMB'000
At December 31, 2023	(310)	310	–	–	–	–
(Charge) credit to profit or loss	(167)	167	–	–	–	–
At December 31, 2024	(477)	477	–	–	–	–
Credit (charge) to profit or loss	218	(218)	–	–	–	–
At June 30, 2025	(259)	259	–	–	–	–

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company had unused tax losses of RMB36,899,000, RMB55,366,000, RMB84,991,000 and RMB121,854,000, respectively, available to offset against future profits. A deferred tax asset has been recognized in respect of RMB36,899,000, nil, nil and nil of such losses as at December 31, 2022, 2023 and 2024 and June 30, 2025 respectively. No deferred tax asset has been recognized in respect of the remaining approximately nil, RMB55,366,000, RMB89,112,000, and RMB126,045,000 as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively, due to the unpredictability of future profit streams. The losses as at December 31, 2022, 2023 and 2024 and June 30, 2025 will expire in various years before 2027, 2028, 2029 and 2030, respectively.

21. INVENTORIES

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and consumables	46,453	64,109	79,648	91,271
Work in progress	25,989	22,000	29,915	16,286
Finished goods	21,196	56,611	42,571	59,488
Goods in transit	9,242	3,337	1,661	1,193
	102,880	146,057	153,795	168,238
Less: provision	(1,553)	(5,149)	(3,889)	(12,719)
	101,327	140,908	149,906	155,519

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

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	3,939	1,553	5,149	3,889
Recognition as cost of sales	4,964	12,979	19,354	14,754
Written off	(7,350)	(9,383)	(20,614)	(5,924)
At the end of the year/period	1,553	5,149	3,889	12,719

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2025</i>
				<i>RMB'000</i>
Raw materials and consumables	15	21	14	8
Finished goods	1	76	38	4,414
Goods in transit	7,600	2,503	1,291	487
	<u>7,616</u>	<u>2,600</u>	<u>1,343</u>	<u>4,909</u>
Less: provision	<u>—</u>	<u>—</u>	<u>(17)</u>	<u>(2,891)</u>
	<u>7,616</u>	<u>2,600</u>	<u>1,326</u>	<u>2,018</u>

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

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2025</i>
				<i>RMB'000</i>
At the beginning of the year/period	—	—	—	17
Recognition as cost of sales	—	—	17	2,888
Written off	<u>—</u>	<u>—</u>	<u>—</u>	<u>(14)</u>
At the end of the year/period	<u>—</u>	<u>—</u>	<u>17</u>	<u>2,891</u>

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 an independent third party 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 RMB28,864,000 as at December 31, 2024 and June 30, 2025, respectively. Contract costs are recognized as part of cost of revenue in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue from the related transfer of manufacturing technology are recognized. The timing of transfer of the manufacturing technology is at the discretion of the customer.

24. TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade receivables – contract with customers	247,233	109,429	118,328	78,865
Less: allowance for credit losses	(18,730)	(11,034)	(11,613)	(9,824)
	<u>228,503</u>	<u>98,395</u>	<u>106,715</u>	<u>69,041</u>
Bills receivables	19,831	20,775	12,506	9,115
Less: allowance for credit losses	(992)	(1,039)	(625)	(456)
	<u>18,839</u>	<u>19,736</u>	<u>11,881</u>	<u>8,659</u>
Other receivables (<i>Note</i>)	6,379	5,305	49,885	39,344
Less: allowance for credit losses	(1,243)	(1,400)	(3,427)	(2,775)
	<u>5,136</u>	<u>3,905</u>	<u>46,458</u>	<u>36,569</u>
Prepayments to suppliers	29,845	57,199	81,590	109,214
Value-added tax recoverable	7,708	25,237	75,543	117,546
Prepaid expenses	3,046	544	1,801	4,746
Deferred issue costs	–	–	26,913	31,514
	<u>293,077</u>	<u>205,016</u>	<u>350,901</u>	<u>377,289</u>

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 nil, nil, RMB27,564,000 and RMB22,249,000 at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

As at January 1, 2022, the carrying amount of trade receivables and bills receivables net of allowance for credit losses amounted to RMB128,119,000.

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	243,275	115,701	116,245	75,302
1-2 years	3,080	1,171	1,669	1,536
2-3 years	417	1,023	350	640
Over 3 years	570	236	332	222
	<u>247,342</u>	<u>118,131</u>	<u>118,596</u>	<u>77,700</u>

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade receivables – contract with customers	61,470	37,669	42,767	32,744
Less: allowance for credit losses	(8,235)	(6,321)	(6,606)	(6,226)
	<u>53,235</u>	<u>31,348</u>	<u>36,161</u>	<u>26,518</u>
Bills receivables	7,934	7,662	5,083	2,868
Less: allowance for credit losses	(397)	(383)	(254)	(143)
	<u>7,537</u>	<u>7,279</u>	<u>4,829</u>	<u>2,725</u>
Other receivables	450	484	677	351
Less: allowance for credit losses	(311)	(394)	(401)	(25)
	<u>139</u>	<u>90</u>	<u>276</u>	<u>326</u>
Prepayments to suppliers	11	–	1,340	1,186
Value-added tax recoverable	6,134	4,629	4,225	5,181
Prepaid expenses	2,732	33	346	292
Deferred issue costs	–	–	26,913	31,514
	<u>69,788</u>	<u>43,379</u>	<u>74,090</u>	<u>67,742</u>

As at January 1, 2022, the carrying amount of trade receivables and bills receivables net of allowance for credit losses amounted to RMB42,642,000.

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	57,679	36,839	40,058	28,407
1-2 years	2,287	641	393	228
2-3 years	284	950	267	430
Over 3 years	<u>522</u>	<u>197</u>	<u>272</u>	<u>178</u>
	<u>60,772</u>	<u>38,627</u>	<u>40,990</u>	<u>29,243</u>

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, 2022 RMB'000	As at December 31, 2022 RMB'000	As at December 31, 2023 RMB'000	2024 RMB'000	As at June 30, 2025 RMB'000
Trade in nature					
Baili Pharmaceutical	50,636	145,480	196,779	85,267	193,261
Guorui Pharmaceutical	19,108	11,344	18,764	21,649	–
Lhasa Xinbo	1,411	1,178	–	–	–
Baili-Bio	–	343	343	–	2,366
	<u>71,155</u>	<u>158,345</u>	<u>215,886</u>	<u>106,916</u>	<u>195,627</u>

	As at January 1, 2022 RMB'000	As at December 31, 2022 RMB'000	As at December 31, 2023 RMB'000	As at December 31, 2024 RMB'000	As at June 30, 2025 RMB'000	Maximum amount outstanding during the six months ended June 30, 2025			
						the year ended December 31, 2022	2023	2024	2025
						RMB'000	RMB'000	RMB'000	RMB'000
Non-trade in nature									
Lhasa Xinbo [^]	33,094	124,560	97,498	118,319	90,480	129,191	141,198	118,319	118,319
Baili-Bio [^]	–	31	9,743	533,082	1,122,482	51	9,743	1,192,245	1,122,482
Baili Pharmaceutical [^]	75,084	89,399	241,222	794,873	1,192,139	125,401	277,222	794,873	1,192,139
成都精西藥業有限責任公司 (Chengdu Jingxi Pharmaceutical Co., Ltd.*) ("Jingxi Pharmaceutical") [^]	–	26	6,773	1,591	140	26	6,773	12,278	1,591
Hayate Technology [^]	–	1	1	785	5	1	1	785	785
Tianze Pharmaceutical [^]	–	–	1	1	–	–	1	1	1
Guorui Pharmaceutical [^]	–	31,745	69,584	107,032	8,245	31,745	69,584	107,032	107,032
成都諾芯生物科技有限公司 (Chengdu Nuoxin Biotech Co., Ltd.*) ("Nuoxin Bio") [^]	–	–	–	–	1,550	–	–	–	1,550
	<u>108,178</u>	<u>245,762</u>	<u>424,822</u>	<u>1,555,683</u>	<u>2,415,041</u>				
	<u>179,333</u>	<u>404,107</u>	<u>640,708</u>	<u>1,662,599</u>	<u>2,610,668</u>				

* 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,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	158,345	215,886	106,916	195,627

The normal credit term to the subsidiaries is ranged within one year. None of the balance is past due as at December 31, 2022, 2023 and 2024 and June 30, 2025.

26. FINANCIAL ASSETS AT FVTPL

The Group entered into a foreign currency forward contract with a reputable bank on May 13, 2025, which entitled the Group to buy USD50,688,000 from the bank at a price of HK\$392,591,000, representing an exchange rate of USD1.0000:HK\$7.7452, on August 13, 2025. The contract is not designated as a hedging instrument by the management and is recognized as financial assets at FVTPL accordingly as at June 30, 2025.

27. BILLS RECEIVABLES AT FVTOCI

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Bills receivables	20,581	19,714	20,118	10,256

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Bills receivables	5,723	12,809	9,204	2,362

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 include bank balances and certificates of deposit.

The Group's restricted bank balances were pledged to banks for issuing bills as at December 31, 2022 and 2023 and for fulfilling a foreign currency forward contract as at June 30, 2025, respectively, as detailed in Note 38 and are classified as current assets.

Term deposits 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,			As at
	2022	2023	2024	June 30, 2025
Interest rate per annum:				
– Bank balance	0.00%-1.50%	0.00%-1.90%	0.00%-4.49%	0.00%-4.45%
– Certificates of deposit	1.65%	1.65%-3.93%	0.75%-4.66%	0.75%-4.44%
– Restricted bank balances	0.25%	0.17%-1.55%	N/A	3.07%
– Term deposits	N/A	N/A	4.16%-4.70%	4.25%-4.44%

The Company

Cash and cash equivalents comprising of bank balances and cash carry interest at prevailing market interest rates of 0.01%-1.50%, 0.05%-1.50%, 0.05%-1.50% and 0.05% per annum as at the end of each reporting period, respectively.

The Company's restricted bank balances were pledged to banks for issuing bills as detailed in Note 38 and are classified as current assets. The range of effective interest rate of the Company's restricted bank balances is 0.20%-0.27% and 0.20%-0.27% per annum as at December 31, 2022 and 2023, respectively.

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,			As at
	2022	2023	2024	June 30, 2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings				
– Secured	355,483	543,365	1,269,497	1,940,976
– Unsecured	70,080	90,044	750,721	1,115,565
	<u>425,563</u>	<u>633,409</u>	<u>2,020,218</u>	<u>3,056,541</u>
– Fixed-rate borrowings	155,133	275,117	565,580	349,770
– Floating-rate borrowings	270,430	358,292	1,454,638	2,706,771
	<u>425,563</u>	<u>633,409</u>	<u>2,020,218</u>	<u>3,056,541</u>

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	185,603	449,489	830,788	484,411
Within a period of more than one year but not more than two years	170,040	183,920	671,500	1,084,060
Within a period of more than two years but not more than five years	69,920	—	517,930	1,488,070
	<u>425,563</u>	<u>633,409</u>	<u>2,020,218</u>	<u>3,056,541</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(185,603)</u>	<u>(449,489)</u>	<u>(830,788)</u>	<u>(484,411)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>239,960</u>	<u>183,920</u>	<u>1,189,430</u>	<u>2,572,130</u>

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

	As at December 31,			As at
	2022	2023	2024	June 30,
				2025
Effective interest rate per annum:				
– Fixed-rate borrowings	3.85%-4.80%	3.60%-3.90%	2.35%-2.95%	2.35%-2.85%
– Floating-rate borrowings	4.10%-4.65%	3.70%-4.45%	2.60%-3.95%	2.35%-3.95%

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Bank borrowings				
– Secured	160,137	398,275	1,005,265	1,799,949
– Unsecured	70,080	70,036	500,545	742,484
	<u>230,217</u>	<u>468,311</u>	<u>1,505,810</u>	<u>2,542,433</u>
– Fixed-rate borrowings	110,069	248,100	465,510	349,770
– Floating-rate borrowings	120,148	220,211	1,040,300	2,192,663
	<u>230,217</u>	<u>468,311</u>	<u>1,505,810</u>	<u>2,542,433</u>

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount repayable: (based on scheduled payment terms)				
Within one year	110,257	298,391	644,380	410,503
Within a period of more than one year but not more than two years	50,040	169,920	343,500	756,000
Within a period of more than two years but not more than five years	69,920	—	517,930	1,375,930
	230,217	468,311	1,505,810	2,542,433
Less: Amount due for settlement within 12 months shown under current liabilities	(110,257)	(298,391)	(644,380)	(410,503)
Amount due for settlement after 12 months shown under non-current liabilities	119,960	169,920	861,430	2,131,930

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

	As at December 31,			As at
	2022	2023	2024	June 30,
				2025
Effective interest rate per annum:				
– Fixed-rate borrowings	3.85%-4.38%	3.60%-3.85%	2.60%-2.95%	2.35%-2.85%
– Floating-rate borrowings	4.10%-4.45%	3.70%-4.30%	2.60%-3.95%	2.35%-3.95%

30. TRADE AND OTHER PAYABLES

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade payables	116,854	128,999	113,797	114,086
Trade payables settled with endorsed bills	13,719	11,176	7,476	5,243
Bills payables	11,993	31,170	105,450	61,920
	142,566	171,345	226,723	181,249

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Salaries and wages payables	39,996	44,292	79,479	64,359
Other tax payables	30,723	18,350	17,661	13,110
Accruals	44,275	110,078	241,303	418,901
Accrual for promotional cost	104,478	87,878	98,631	79,615
Consideration payable for acquisition of property, plant and equipment	24,020	68,821	30,031	25,013
Deposits from suppliers	44,503	43,762	52,600	61,727
Accrual for issue costs	25,140	–	7,417	6,188
Other payables	4,685	4,990	4,858	5,444
	<u>317,820</u>	<u>378,171</u>	<u>531,980</u>	<u>674,357</u>
	<u>460,386</u>	<u>549,516</u>	<u>758,703</u>	<u>855,606</u>

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	141,447	170,513	223,998	180,292
1-2 years	945	695	2,527	740
2-3 years	43	6	63	50
Over 3 years	131	131	135	167
	<u>142,566</u>	<u>171,345</u>	<u>226,723</u>	<u>181,249</u>

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group's bills payables were issued by banks with maturities within six months. The bills payables as at December 31, 2022 and 2023 were secured by the Group's restricted bank balances.

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade payables	14,384	13,689	7,520	6,551
Trade payables settled with endorsed bills	1,531	1,853	4,358	2,155
Bills payables	11,993	6,170	93,060	25,940
	<u>27,908</u>	<u>21,712</u>	<u>104,938</u>	<u>34,646</u>

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Salaries and wages payables	3,332	3,419	3,210	2,502
Other tax payables	3,406	4,094	243	1,626
Accruals	575	437	479	625
Accrual for promotional cost	1,932	1,965	1,267	1,730
Deposits from suppliers	16,841	17,719	16,387	16,689
Accrual for issue costs	25,140	–	7,417	6,188
Other payables	770	601	633	861
	<u>51,996</u>	<u>28,235</u>	<u>29,636</u>	<u>30,221</u>
	<u>79,904</u>	<u>49,947</u>	<u>134,574</u>	<u>64,867</u>

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	27,906	21,106	104,902	34,646
1-2 years	2	606	–	–
2-3 years	–	–	36	–
	<u>27,908</u>	<u>21,712</u>	<u>104,938</u>	<u>34,646</u>

At December 31, 2022, 2023 and 2024 and June 30, 2025, the Company's bills payables were issued by banks with maturities within six months. The bills payables as at December 31, 2022 and 2023 were secured by the Company's restricted bank balances.

31. AMOUNTS DUE TO SUBSIDIARIES

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Trade in nature				
Guorui Pharmaceutical	1,467	44	–	52
Baili Pharmaceutical	14,475	30,812	–	9,705
	<u>15,942</u>	<u>30,856</u>	<u>–</u>	<u>9,757</u>

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

The following is an aged analysis of an amounts due to subsidiaries 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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within 1 year	15,942	30,856	–	9,757

32. CONTRACT LIABILITIES

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Sale of goods	15,424	7,026	6,748	7,669
Selling rebates liabilities	1,992	1,646	1,408	1,176
Transfer of manufacturing technology	–	–	347,979	347,979
	17,416	8,672	356,135	356,824

As at January 1, 2022, the Group had contract liabilities of RMB10,783,000, including contract liabilities for sale of goods amounting to RMB9,617,000 and selling rebates liabilities amounting to RMB1,166,000.

The following table shows the revenue recognized to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Sale of goods				
Balance at the beginning of the year/period	9,617	15,424	7,026	6,748
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(9,617)	(15,424)	(7,026)	(6,748)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	15,424	7,026	6,748	7,669
Balance at the end of the year/period	15,424	7,026	6,748	7,669

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Sale of goods	6,758	4,518	3,870	4,665
Selling rebates liabilities	276	141	71	43
	<u>7,034</u>	<u>4,659</u>	<u>3,941</u>	<u>4,708</u>

As at January 1, 2022, the Company had contract liabilities of RMB4,738,000 including contract liabilities for sale of goods amounting to RMB4,600,000 and selling rebates liabilities amounting to RMB138,000.

The following table shows the revenue recognized to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Sale of goods				
Balance at the beginning of the year/period	4,600	6,758	4,518	3,870
Decrease in contract liabilities as a result of recognition of revenue during the year/period	(4,600)	(6,758)	(4,518)	(3,870)
Increase in contract liabilities as a result of receiving prepayments for sale of goods during the year/period	<u>6,758</u>	<u>4,518</u>	<u>3,870</u>	<u>4,665</u>
Balance at the end of the year/period	<u>6,758</u>	<u>4,518</u>	<u>3,870</u>	<u>4,665</u>

Contract liabilities are all expected to be settled within the Group's and the Company's normal operating cycle, and are classified as current 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

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within one year	61,858	41,430	7,735	–
Within a period of more than one year but not more than two years	39,666	7,636	–	–
Within a period of more than two years but not more than five years	7,557	–	–	–
	109,081	49,066	7,735	–
Less: Amount due for settlement within 12 months shown under current liabilities	(61,858)	(41,430)	(7,735)	–
Amount due for settlement after 12 months shown under non-current liabilities	47,223	7,636	–	–

The Group sold and leased back some equipment with financing institutions. The Group continues to recognize the assets and accounts for the transfer proceeds as borrowings, because the transfer does not satisfy the requirements as a sale. The effective borrowing rate applied to sale and leaseback payable is 7.54%-10.04%, 7.54%-10.04% and 7.54% per annum respectively, as at December 31, 2022, 2023 and 2024.

34. LEASE LIABILITIES

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Within one year	6,965	4,702	12,457	15,126
Within a period of more than one year but not more than two years	4,754	1,017	12,655	26,765
Within a period of more than two years but not more than five years	969	–	15,471	18,421
	12,688	5,719	40,583	60,312
Less: Amount due for settlement within 12 months shown under current liabilities	(6,965)	(4,702)	(12,457)	(15,126)
Amount due for settlement after 12 months shown under non-current liabilities	5,723	1,017	28,126	45,186

The range of weighted average incremental borrowing rates applied to lease liabilities is 4.75%, 4.75%, 4.75% and 2.65%-4.75% per annum as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	1,513	923	940	790
Within a period of more than one year but not more than two years	923	–	637	652
Within a period of more than two years but not more than five years	–	–	330	–
	<u>2,436</u>	<u>923</u>	<u>1,907</u>	<u>1,442</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(1,513)</u>	<u>(923)</u>	<u>(940)</u>	<u>(790)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>923</u>	<u>–</u>	<u>967</u>	<u>652</u>

The weighted average incremental borrowing rates applied to lease liabilities is 4.75% per annum as at December 31, 2022, 2023 and 2024 and June 30, 2025.

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, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 under such arrangement are RMB15,719,000, RMB17,449,000, RMB35,771,000, RMB15,578,000 (unaudited) and RMB23,124,000, respectively.

A subsidiary in the U.S. 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 the U.S. subsidiary 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, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 under such arrangement are RMB2,362,000, RMB4,725,000, RMB8,148,000, RMB4,574,000 (unaudited) and RMB9,326,000 respectively.

36. SHARE CAPITAL

Ordinary shares of RMB1 each	Number of shares '000	Share capital RMB'000
Registered:		
At January 1, 2022	360,900	360,900
Increase on A share issuing (Note)	40,100	40,100
At December 31, 2022, 2023 and 2024 and June 30, 2025	401,000	401,000
Issued and fully paid:		
At January 1, 2022	360,900	360,900
Increase on A share issuing (Note)	40,100	40,100
At December 31, 2022, 2023 and 2024 and June 30, 2025	401,000	401,000

Note: The Company issued 40,100,000 A shares at RMB1.00 per share upon A Share Listing. The share issue price is RMB24.70 per share, amounting to total proceeds of RMB990,470,000. The net proceeds from the A Share Listing amounted to RMB884,397,000 after deducting the listing expenses amounted to RMB106,073,000.

Reserves of the Company:

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

	Capital reserve RMB'000	FVTOCI reserve RMB'000	Statutory reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at January 1, 2022	183,513	(27)	13,537	(107,339)	89,684
Loss for the year	–	–	–	(13,023)	(13,023)
Other comprehensive expense for the year	–	(17)	–	–	(17)
Total comprehensive expense for the year	–	(17)	–	(13,023)	(13,040)
Issue of A shares	844,297	–	–	–	844,297
As at December 31, 2022	1,027,810	(44)	13,537	(120,362)	920,941
Loss for the year	–	–	–	(34,797)	(34,797)
Other comprehensive expense for the year	–	(173)	–	–	(173)
Total comprehensive expense for the year	–	(173)	–	(34,797)	(34,970)
As at December 31, 2023	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)

	Capital reserve RMB'000	FVTOCI reserve RMB'000	Statutory reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
As at December 31, 2024	1,027,810	(166)	13,537	(188,027)	853,154
Loss for the period	—	—	—	(40,577)	(40,577)
Other comprehensive income for the period	—	135	—	—	135
Total comprehensive income (expense) for the period	—	135	—	(40,577)	(40,442)
As at June 30, 2025	<u>1,027,810</u>	<u>(31)</u>	<u>13,537</u>	<u>(228,604)</u>	<u>812,712</u>
As at January 1, 2024	1,027,810	(217)	13,537	(155,159)	885,971
Loss for the period	—	—	—	(21,570)	(21,570)
Other comprehensive income for the period	—	185	—	—	185
Total comprehensive income (expense) for the period	—	185	—	(21,570)	(21,385)
As at June 30, 2024 (unaudited)	<u>1,027,810</u>	<u>(32)</u>	<u>13,537</u>	<u>(176,729)</u>	<u>864,586</u>

37. DEFERRED INCOME

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Assets-related government subsidies	8,847	12,784	42,267	45,181
Expense-related government subsidies (<i>Note</i>)	<u>4,443</u>	<u>2,843</u>	<u>—</u>	<u>—</u>
Total	<u>13,290</u>	<u>15,627</u>	<u>42,267</u>	<u>45,181</u>
Analyzed as:				
Current	801	1,594	4,983	5,031
Non-current	<u>12,489</u>	<u>14,033</u>	<u>37,284</u>	<u>40,150</u>
	<u>13,290</u>	<u>15,627</u>	<u>42,267</u>	<u>45,181</u>

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

For the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, the Group received RMB848,000, RMB4,997,000, RMB31,339,000, nil (unaudited) and RMB5,413,000, respectively, in relation to incentives for certain plants and equipment acquired by the Group. The amounts were recorded 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, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, assets-related government subsidies of approximately RMB801,000, RMB1,060,000, RMB1,856,000, RMB797,000 (unaudited) and RMB2,499,000, respectively, were released to profit or loss and expense-related government subsidies of approximately RMB17,970,000, RMB1,600,000, RMB2,843,000, RMB2,843,000 (unaudited) and nil, respectively, were released to profit or loss.

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Assets-related government subsidies	—	—	—	5,000
Analyzed as:				
Non-current	—	—	—	5,000

38. PLEDGE OF ASSETS

At the end of each reporting period, the Group and the Company 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, bills payables and/or foreign currency forward contract issued or entered into by the Group and the Company:

The Group

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Property, plant and equipment	200,641	214,654	156,221	132,700
Investment properties	1,842	1,593	1,343	1,218
Right-of-use assets	16,084	21,469	20,765	20,413
Restricted bank balances	4,046	12,270	—	355,296
	222,613	249,986	178,329	509,627

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Restricted bank balances	3,682	4,770	—	—

39. TRANSFER OF FINANCIAL ASSETS

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group endorsed bills receivables amounted to RMB13,719,000, RMB11,176,000, RMB7,476,000 and RMB5,243,000, 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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Carrying amount of transferred assets	13,719	11,176	7,476	5,243
Carrying amount of associated liabilities	13,719	11,176	7,476	5,243

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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Outstanding endorsed bills receivables	39,166	46,158	24,815	20,755

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

40. RELATED PARTIES' TRANSACTIONS

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

(a) Transactions with related parties

As at December 31, 2022 and 2023, Dr. Zhu Yi provided financial guarantees in respect of certain banking facilities and sale and leaseback payables granted to the Group amounted to RMB473,869,000 and RMB621,709,000, respectively. 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.

(b) Compensation of key management personnel

The remuneration of key management personnel of the Group during the Track Record Period was as follows:

	Year ended December 31,			Six months ended	
	2022	2023	2024	June 30,	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and allowance	2,797	4,159	6,078	2,260	5,074
Share-based payments	–	123	6,213	82	17,790
Retirement benefit	30	82	233	81	173
	<u>2,827</u>	<u>4,364</u>	<u>12,524</u>	<u>2,423</u>	<u>23,037</u>

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

41. CAPITAL COMMITMENTS

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				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	<u>76,721</u>	<u>11,800</u>	<u>34,926</u>	<u>24,747</u>

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 stakeholders 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, reserves and non-controlling interests).

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, new debts or the redemption of existing debts.

43. SHARE-BASED PAYMENTS

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

Since 2014, SystImmune, a wholly-owned subsidiary of the Company in the U.S., 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 may be granted under the share option arrangements shall be 19,001,000, 19,001,000, 44,002,000, 19,001,000 (unaudited) and 44,002,000 in aggregate for each of the three years ended December 31, 2024 and the six months ended June 30, 2024 and 2025, respectively. The share options of SystImmune were awarded under three tranches: awards issued before September 2018 with a vesting period of five years ("Tranche 1"), awards issued after September 2018 with a vest period of six years ("Tranche 2") and awards issued 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. Should all of the share options outstanding at the end of each reporting period were exercised by the eligible employees, the Company would hold 99.92%, 99.78%, 93.94% and 93.91% effective interest in SystImmune, respectively.

The following table discloses movements of the granted share options during each reporting period:

	Tranche 1	Tranche 2	Tranche 3	Total
At January 1, 2022	91,000	119,000	–	210,000
Granted during the year	–	231,500	–	231,500
Forfeited during the year	–	(120,500)	–	(120,500)
At December 31, 2022	91,000	230,000	–	321,000
Granted during the year	–	591,500	–	591,500
Forfeited during the year	–	(40,250)	–	(40,250)
At December 31, 2023	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 period	–	–	346,000	346,000
Forfeited during the period	–	(18,000)	(163,000)	(181,000)
At June 30, 2025	53,500	626,750	25,337,738	26,017,988

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the weighted average exercise prices per share option for outstanding share options are USD0.28, USD0.36, USD0.61 and USD0.61, respectively.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the exercisable share options are 57,350, 131,500, 163,100 and 163,100, respectively and the weighted average exercise prices per share option are USD0.16, USD0.27, USD0.28 and USD0.28, respectively. No eligible employees exercised their exercisable share options during the Track Record Period.

The estimated fair value of the share options granted during the years ended December 31, 2022, 2023 and 2024 and June 30, 2025, are RMB370,000, RMB1,544,000, RMB141,720,000, RMB2,053,000, respectively.

The fair value of share options granted determined by using the Binomial model and significant inputs into the model for batches granted on May 28, 2024 and October 18, 2024 for 11,574,564 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, 2022, 2023 and 2024 and June 30, 2025 had a weighted average remaining contractual life of 7.97, 8.48, 9.66 and 9.10 years, respectively.

The Group recognized a total expense of RMB82,000, RMB145,000, RMB27,145,000, RMB2,506,000 (unaudited) and RMB30,302,000 for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025 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 June 30, 2025.

Subsequent to the Track Record Period, 352,200 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
	2022	2023	2024	June 30,
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2025
				<i>RMB'000</i>
Financial assets				
Financial assets at FVTPL	—	—	—	4,851
Bills receivables at FVTOCI	20,581	19,714	20,118	10,256
<i>At amortized cost</i>				
– Cash and cash equivalents	1,000,695	391,693	3,207,998	2,789,796
– Restricted bank balances	4,046	12,270	—	355,296
– Term deposits	—	—	2,532,974	2,358,890
– Trade and other receivables*	252,478	122,036	165,054	114,269
	1,257,219	525,999	5,906,026	5,618,251
	1,277,800	545,713	5,926,144	5,633,358

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial liabilities				
<i>At amortized cost</i>				
– Borrowings	425,563	633,409	2,020,218	3,056,541
– Trade and other payables**	240,914	288,918	321,629	279,621
– Amount due to a related party	14	14	–	–
– Sale and leaseback payable	109,081	49,066	7,735	–
	<u>775,572</u>	<u>971,407</u>	<u>2,349,582</u>	<u>3,336,162</u>

The Company

	As at December 31,			As at
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Financial assets				
Bills receivables at FVTOCI	<u>5,723</u>	<u>12,809</u>	<u>9,204</u>	<u>2,362</u>
<i>At amortized cost</i>				
– Cash and cash equivalents	942,456	42,538	54,585	57,730
– Restricted bank balances	3,682	4,770	–	–
– Amounts due from subsidiaries	404,107	640,708	1,662,599	2,610,668
– Trade and other receivables*	<u>60,911</u>	<u>38,717</u>	<u>41,266</u>	<u>29,569</u>
	<u>1,411,156</u>	<u>726,733</u>	<u>1,758,450</u>	<u>2,697,967</u>
	<u>1,416,879</u>	<u>739,542</u>	<u>1,767,654</u>	<u>2,700,329</u>

Financial liabilities

<i>At amortized cost</i>				
– Borrowings	230,217	468,311	1,505,810	2,542,433
– Trade and other payables**	70,659	40,032	129,375	58,384
– Amount due to a related party	14	14	–	–
– Amounts due to subsidiaries	<u>15,942</u>	<u>30,856</u>	<u>–</u>	<u>9,757</u>
	<u>316,832</u>	<u>539,213</u>	<u>1,635,185</u>	<u>2,610,574</u>

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

** Salaries and wages payables, accruals, accrual for promotional cost and other tax payables 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(s) due to a related party/subsidiaries, sale and leaseback payable and lease liabilities. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments 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 manages and monitors 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, Baili-Bio with functional currency as RMB has an intra-group balance due from SystImmune denominated in USD as at December 31, 2024 and June 30, 2025 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,			As at	As at December 31,			As at
	2022	2023	2024	June 30,	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025	RMB'000	RMB'000	RMB'000	2025
USD	2,571	18,234	–	–	3,578	1,818	4,419,817	4,004,458
HK\$	–	–	–	–	–	–	–	355,296
Euros ("EUR")	–	–	–	–	23	24	–	–
Intra-group balance								
USD	–	–	–	–	–	–	504,576	257,249

The Company

	Liabilities				Assets			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	June 30,	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025	RMB'000	RMB'000	RMB'000	2025
USD	–	–	–	–	1	1	9	52
EUR	–	–	–	–	23	24	–	–

The Group and the Company currently do not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will 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
	2022	2023	2024	June 30,
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
Profit or loss				
– impact of USD	50	(821)	209,287	181,123
– impact of HK\$	–	–	–	15,100

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

During the Track Record Period, the sensitivity of RMB against EUR is immaterial.

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

(ii) 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 loss after tax would increase/decrease by approximately RMB1,090,000, RMB1,413,000, RMB10,407,000, respectively, for the years ended December 31, 2022 and 2023 and the six months ended June 30, 2025 and the Group's profit after tax would decrease/increase by approximately RMB5,662,000 for the year ended December 31, 2024.

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 RMB451,000, RMB826,000, RMB3,901,000 and RMB8,222,000, respectively, for the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025.

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, 2022, 2023 and 2024 and June 30, 2025.

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 does 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 are backed by bills issued by reputable financial institutions.

The Group manages the risk with respect to bank balances, certificates of deposit, restricted bank balances and term deposits by placing in or entered into the contract with the banks with high reputation.

The Group has 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 reviews 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 normally grants a credit period from 30 to 120 days upon delivery to customers.

During the Track Record Period, the Group has 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 has the receivables from different customers and debtors that operate in different areas and have different commercial scales. Thus, the Group 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 applies 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 has identified the consumer price index to be the most relevant factors for pharmaceutical customers, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2022, 2023 and 2024 and June 30, 2025 was listed as follows:

The Group

	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, 2022							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	236,249	3,422	595	842	747	4,392	246,247
Loss allowance provision	11,813	342	178	421	598	4,392	17,744
Individually impaired receivables	—	—	—	—	—	986	986
Loss allowance provision	—	—	—	—	—	986	986
Total loss allowance provision	11,813	342	178	421	598	5,378	18,730

	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, 2023							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	101,015	1,301	1,461	332	354	4,289	108,752
Loss allowance provision	5,050	130	438	166	284	4,289	10,357
Individually impaired receivables	—	—	—	—	—	677	677
Loss allowance provision	—	—	—	—	—	677	677
Total loss allowance provision	5,050	130	438	166	284	4,966	11,034

	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)	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 June 30, 2025							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	70,151	1,707	915	296	370	2,544	75,983
Loss allowance provision	3,508	171	275	148	296	2,544	6,942
Individually impaired receivables	—	—	—	—	—	2,882	2,882
Loss allowance provision	—	—	—	—	—	2,882	2,882
Total loss allowance provision	3,508	171	275	148	296	5,426	9,824

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, 2022							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	52,781	2,541	406	803	605	3,348	60,484
Loss allowance provision	2,639	254	122	402	484	3,348	7,249
Individually impaired receivables	—	—	—	—	—	986	986
Loss allowance provision	—	—	—	—	—	986	986
Total loss allowance provision	2,639	254	122	402	484	4,334	8,235

	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, 2023							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	31,116	712	1,357	256	346	3,205	36,992
Loss allowance provision	1,556	71	407	128	277	3,205	5,644
Individually impaired receivables	—	—	—	—	—	677	677
Loss allowance provision	—	—	—	—	—	677	677
Total loss allowance provision	1,556	71	407	128	277	3,882	6,321

	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	<u>1,854</u>	<u>44</u>	<u>114</u>	<u>241</u>	<u>124</u>	<u>4,229</u>	<u>6,606</u>

	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 June 30, 2025							
Expected loss rate	5%	10%	30%	50%	80%	100%	
Gross carrying amount (excluding receivables assessed individually)	27,034	254	614	251	262	2,532	30,947
Loss allowance provision	1,352	26	184	126	209	2,532	4,429
Individually impaired receivables	–	–	–	–	–	1,797	1,797
Loss allowance provision	–	–	–	–	–	1,797	1,797
Total loss allowance provision	<u>1,352</u>	<u>26</u>	<u>184</u>	<u>126</u>	<u>209</u>	<u>4,329</u>	<u>6,226</u>

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.

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) <i>RMB'000</i>	Lifetime ECL (credit-impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2022	12,678	986	13,664
– Impairment losses recognized	7,585	–	7,585
– Write-offs	(2,519)	–	(2,519)
As at December 31, 2022	17,744	986	18,730
– Impairment losses reversed	(6,646)	–	(6,646)
– Write-offs	(741)	(309)	(1,050)
As at December 31, 2023	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	(1,789)	–	(1,789)
As at June 30, 2025	6,942	2,882	9,824

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

The Company

	Lifetime ECL (not credit-impaired) <i>RMB'000</i>	Lifetime ECL (credit-impaired) <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2022	7,254	986	8,240
– Impairment losses recognized	2,175	–	2,175
– Write-offs	(2,180)	–	(2,180)
As at December 31, 2022	7,249	986	8,235
– Impairment losses reversed	(922)	–	(922)
– Write-offs	(683)	(309)	(992)
As at December 31, 2023	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	(380)	–	(380)
As at June 30, 2025	4,429	1,797	6,226

In the opinion of the management, there was no significant changes to the loss rates for each ageing 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, 2022, 2023 and 2024 and June 30, 2025, amount of RMB992,000, RMB1,039,000, RMB625,000 and RMB456,000 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, 2022, 2023 and 2024 and June 30, 2025, amount of RMB397,000, RMB383,000, RMB254,000 and RMB143,000 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, 2022, 2023 and 2024 and June 30, 2025, amount of RMB1,243,000, RMB1,400,000, RMB3,427,000 and RMB2,775,000, respectively, were provided as loss allowance for other receivables.

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, 2022, 2023 and 2024 and June 30, 2025, amount of RMB311,000, RMB394,000, RMB401,000 and RMB25,000 were provided as loss allowance for other receivables.

(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, 2022, 2023 and 2024 and June 30, 2025.

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 relies on bank borrowings as a significant source of liquidity. As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had unutilized bank facilities of approximately RMB186,605,000, RMB76,100,000, RMB1,376,550,000 and RMB758,780,000, respectively. As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company had unutilized bank facilities of approximately RMB111,605,000, RMB600,000, RMB1,252,940,000 and RMB448,560,000, 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, 2022						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	240,914	–	–	240,914	240,914
Amount due to a related party	N/A	14	–	–	14	14
		<u>240,928</u>	<u>–</u>	<u>–</u>	<u>240,928</u>	<u>240,928</u>
<i>Interest bearing</i>						
Borrowings	3.85%-4.80%	199,841	178,683	72,151	450,675	425,563
Sale and leaseback payable	7.54%-10.04%	65,979	43,698	7,566	117,243	109,081
Lease liabilities	4.75%	7,274	4,900	1,037	13,211	12,688
		<u>273,094</u>	<u>227,281</u>	<u>80,754</u>	<u>581,129</u>	<u>547,332</u>
		<u>514,022</u>	<u>227,281</u>	<u>80,754</u>	<u>822,057</u>	<u>788,260</u>
As at December 31, 2023						
Trade and other payables	N/A	288,918	–	–	288,918	288,918
Amount due to a related party	N/A	14	–	–	14	14
		<u>288,932</u>	<u>–</u>	<u>–</u>	<u>288,932</u>	<u>288,932</u>
<i>Interest bearing</i>						
Borrowings	3.60%-4.45%	470,497	186,431	–	656,928	633,409
Sale and leaseback payable	7.54%-10.04%	43,759	7,735	–	51,494	49,066
Lease liabilities	4.75%	4,966	1,037	–	6,003	5,719
		<u>519,222</u>	<u>195,203</u>	<u>–</u>	<u>714,425</u>	<u>688,194</u>
		<u>808,154</u>	<u>195,203</u>	<u>–</u>	<u>1,003,357</u>	<u>977,126</u>
As at December 31, 2024						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	321,629	–	–	321,629	321,629
<i>Interest bearing</i>						
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
		<u>903,598</u>	<u>712,087</u>	<u>544,693</u>	<u>2,160,378</u>	<u>2,068,536</u>
		<u>1,225,227</u>	<u>712,087</u>	<u>544,693</u>	<u>2,482,007</u>	<u>2,390,165</u>

APPENDIX IA
ACCOUNTANTS' REPORT

	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 June 30, 2025						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	279,621	–	–	279,621	279,621
<i>Interest bearing</i>						
Borrowings	2.35%-3.95%	571,417	1,145,325	1,527,335	3,244,077	3,056,541
Lease liabilities	2.65%-4.75%	17,042	24,476	23,534	65,052	60,312
		588,459	1,169,801	1,550,869	3,309,129	3,116,853
		868,080	1,169,801	1,550,869	3,588,750	3,396,474

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, 2022						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	70,659	–	–	70,659	70,659
Amount due to a related party	N/A	14	–	–	14	14
Amounts due to subsidiaries	N/A	15,942	–	–	15,942	15,942
		86,615	–	–	86,615	86,615
<i>Interest bearing</i>						
Borrowings	3.85%-4.45%	117,939	55,083	72,151	245,173	230,217
Lease liabilities	4.75%	1,602	945	–	2,547	2,436
		119,541	56,028	72,151	247,720	232,653
		206,156	56,028	72,151	334,335	319,268

As at December 31, 2023

<i>Non-interest bearing</i>						
Trade and other payables	N/A	40,032	–	–	40,032	40,032
Amount due to a related party	N/A	14	–	–	14	14
Amounts due to subsidiaries	N/A	30,856	–	–	30,856	30,856
		70,902	–	–	70,902	70,902

	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
<i>Interest bearing</i>						
Borrowings	3.60%-4.30%	314,340	172,403	–	486,743	468,311
Lease liabilities	4.75%	945	–	–	945	923
		315,285	172,403	–	487,688	469,234
		386,187	172,403	–	558,590	540,136
As at December 31, 2024						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	129,375	–	–	129,375	129,375
<i>Interest bearing</i>						
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
		810,478	364,634	528,202	1,703,314	1,637,092
As at June 30, 2025						
<i>Non-interest bearing</i>						
Trade and other payables	N/A	58,384	–	–	58,384	58,384
Amounts due to subsidiaries	N/A	9,757	–	–	9,757	9,757
		68,141	–	–	68,141	68,141
<i>Interest bearing</i>						
Borrowings	2.35%-3.95%	482,325	807,603	1,399,979	2,689,907	2,542,433
Lease liabilities	4.75%	847	676	–	1,523	1,442
		483,172	808,279	1,399,979	2,691,430	2,543,875
		551,313	808,279	1,399,979	2,759,571	2,612,016

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				Fair value hierarchy	Valuation technique(s) and key input(s)
	As at December 31, 2022	As at December 31, 2023	As at December 31, 2024	As at June 30, 2025		
Bills receivables at FVTOCI	Assets- RMB20,581,000	Assets- RMB19,714,000	Assets- RMB20,118,000	Assets- RMB10,256,000	Level 2	Discounted cash flow. Future cash flows are estimated based on discount rate observed in the available market.
Foreign currency forward contracts	nil	nil	nil	Assets- RMB4,851,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at June 30, 2025) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The Company

Financial assets	Fair value				Fair value hierarchy	Valuation technique(s) and key input(s)
	as at December 31, 2022	as at December 31, 2023	as at December 31, 2024	As at June 30, 2025		
Bills receivables at FVTOCI	Assets- RMB5,723,000	Assets- RMB12,809,000	Assets- RMB9,204,000	Assets- RMB2,362,000	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 (but fair value disclosures are required)

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

45. RECONCILIATION OF LIABILITIES/ASSETS ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities/assets arising from financing activities, including both cash and non-cash changes. Liabilities/assets 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 <i>RMB'000</i>	Sale and leaseback payable <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	(Deferred)/ accrued share issue costs <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2022	211,250	61,474	14,185	(2,161)	284,748
Financing cash flows (Note)	201,819	38,217	(5,484)	(2,191)	232,361
New lease entered	–	–	3,685	–	3,685
Leases early terminated	–	–	(295)	–	(295)
Finance costs recognized	12,494	9,390	597	–	22,481
Share issued costs recognized in capital reserve	–	–	–	29,492	29,492
At December 31, 2022	425,563	109,081	12,688	25,140	572,472
Financing cash flows (Note)	189,346	(65,748)	(7,455)	(25,140)	91,003
New lease entered	–	–	1,489	–	1,489
Leases early terminated	–	–	(1,449)	–	(1,449)
Finance costs recognized	18,500	5,733	446	–	24,679
At December 31, 2023	633,409	49,066	5,719	–	688,194
Deferred 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 issue costs recognized	–	–	–	4,601	4,601
Financing cash flows (Note)	1,002,587	(7,740)	(9,130)	(5,830)	979,887
New lease entered	–	–	28,137	–	28,137
Finance costs recognized	33,736	5	722	–	34,463
At June 30, 2025	<u>3,056,541</u>	<u>–</u>	<u>60,312</u>	<u>6,188</u>	<u>3,123,041</u>
At January 1, 2024	633,409	49,066	5,719	–	688,194
Deferred issue costs recognized	–	–	–	21,920	21,920
Financing cash flows (Note)	463,587	(23,704)	(4,797)	(429)	434,657
New lease entered	–	–	21,609	–	21,609
Finance costs recognized	15,160	1,103	386	–	16,649
At June 30, 2024 (unaudited)	<u>1,112,156</u>	<u>26,465</u>	<u>22,917</u>	<u>21,491</u>	<u>1,183,029</u>

Note: The cash flows represent interest paid, new bank borrowings raised, repayment of bank borrowings, repayment of lease liabilities, proceeds from sale and leaseback of equipment, repayment of sale and leaseback of equipment and transaction costs attributable to issue of shares.

46. MAJOR NON-CASH TRANSACTIONS

During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, the Group endorsed bills receivables amounted to RMB38,249,000, RMB31,693,000, RMB71,500,000, RMB33,800,000 (unaudited) and RMB67,000,000 respectively, for the settlement of purchase of property, plant and equipment.

During the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, the Group entered into three, one, nine, six (unaudited) and one lease agreements for the use of leased properties for 2-3 years, 1.5 years, 1.5-7 years (unaudited), 1.5-7 years and 2 years, respectively. On the lease commencement, the Group recognized right-of-use assets of RMB3,685,000, RMB1,489,000, RMB44,432,000, RMB21,609,000 (unaudited) and RMB28,137,000, respectively and lease liabilities of RMB3,685,000, RMB1,489,000, RMB44,432,000, RMB21,609,000 (unaudited) and RMB28,137,000, respectively.

47. PARTICULARS OF SUBSIDIARIES

The Company

	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Unlisted investments, at cost				
– Baili Pharmaceutical	205,320	1,089,718	1,089,718	1,089,718
– Lhasa Xinbo (<i>Note</i>)	4,750	4,750	4,750	4,750
– Nuoxin Bio	N/A	N/A	N/A	100
	<u>210,070</u>	<u>1,094,468</u>	<u>1,094,468</u>	<u>1,094,568</u>

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

As at the date of this report, the Company had direct or indirect interests in the following subsidiaries.

Name of subsidiaries	Place and date of establishment/ incorporation	Equity interest attributable to the Group					Issued and fully paid share capital/registered capital	Principal activities
		As at December 31,			As at	At date of		
		2022	2023	2024	June 30, 2025	this report		
		%	%	%	%	%		
<i>Directly held:</i>								
Baili Pharmaceutical	PRC August 23, 1996	100	100	100	100	100	As at December 31, 2022: RMB105,000,000 As at December 31, 2023 and 2024 and June 30, 2025 and date of this report: RMB125,000,000	Production, research and development of pharmaceutical products
Nuoxin Bio	PRC March 4, 2025	N/A	N/A	N/A	100	100	As at June 30, 2025: RMB100,000 As at date of this report: RMB3,000,000	Provision of research and development services

Equity interest attributable to the Group								
Name of subsidiaries	Place and date of establishment/ incorporation	As at December 31,			As at	At date of this report	Issued and fully paid share capital/registered capital	Principal activities
		2022	2023	2024	June 30, 2025			
		%	%	%	%			
<i>Indirectly held:</i>								
Guorui Pharmaceutical	PRC December 7, 2005	100	100	100	100	100	RMB20,000,000	Production, research and development of pharmaceutical products
Lhasa Xinbo	PRC August 22, 2013	100	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	100	As at December 31, 2022: USD56,247,970 As at December 31, 2023: USD79,403,416 As at December 31, 2024: USD115,007,134 As at June 30, 2025: USD221,811,540 As at date of this report: USD291,631,540	Investment holding
SystImmune	The U.S. April 21, 2014	100	100	100	100	100	USD2,895	Research and development of pharmaceutical products
Jingxi Pharmaceutical	PRC September 29, 2014	100	100	100	100	100	RMB5,000,000	Production, research and development of pharmaceutical products
Hiatt Technology	PRC September 29, 2014	100	100	100	100	100	RMB1,000,000	Production, research and development of pharmaceutical products
Baili-Bio	PRC February 21, 2017	100	100	100	100	100	As at December 31, 2022 and 2023: RMB5,000,000 As at December 31, 2024 and June 30, 2025 and date of this report: RMB200,000,000	Production, research and development of pharmaceutical products
Tianze Pharmaceutical	PRC November 26, 2020	100	100	100	100	100	As at December 31, 2022, 2023 and 2024: nil As at June 30, 2025 and date of this report: RMB2,000,000	Production of pharmaceutical products

All the subsidiaries of the Company are limited liability companies. None of the subsidiaries had any debt securities outstanding as at December 31, 2022, 2023 and 2024 and June 30, 2025 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 Nuoxin Bio for each of the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprise and were audited by BDO China Shu Lun Pan Certified Public Accountants LLP 立信會計師事務所(特殊普通合夥), certified public accountants registered in the PRC.

The statutory financial statements of SystImmune for each of the years ended December 31, 2022, 2023 and 2024 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 Nuoxin Bio as it was newly established in March 2025.

48. EVENTS AFTER REPORTING PERIOD

The Congress of the U.S. introduced *An Act to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14.*, often known as the *One Big Beautiful Bill Act*, on July 3, 2025. The Act, which came into effective on the following day, enables taxpayers to treat research or experimental expenditures which are domestically incurred during the taxable year in connection with his trade or business as expenses instead of charging them to capital account for tax purpose. In accordance with the rule, as at June 30, 2025, timing difference on domestically incurred research and development expenses of SystImmune amounted to RMB453,239,000, in respect of RMB166,207,000 of which deferred tax assets of RMB35,402,000 have been recognized, are eligible to be deducted against taxable income for the taxable year of 2025 on or after July 4, 2025.

In September 2025, the Company completed a placement of A Shares to raise funds for research and development projects of innovative drugs, advancing the Company's innovative drug development process and further enhancing its core competitiveness. A total of 11,873,817 A Shares were issued in the placement to 18 investors at a price of RMB317 per A Share for gross proceeds of approximately RMB3,764,000,000. For further details, please see "History, Development and Corporate Structure — Major Shareholding Changes Of Our Company — 8. Placement of A Shares in September 2025" of the Prospectus. The total shares in issue would be increased by 11,873,817 shares to a total of 412,873,817 shares.

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 June 30, 2025.